

**DODGE CITY COMMUNITY COLLEGE**

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**BASIC FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITOR'S REPORT  
and  
OMB CIRCULAR A-133 SINGLE AUDIT REPORTS  
YEAR ENDED JUNE 30, 2013**

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# DODGE CITY COMMUNITY COLLEGE

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
Management's Discussion and Analysis .....	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Statement of Net Position .....	14
Statement of Activities .....	15
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	16
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position .....	17
Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds .....	18
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities .....	19
Statement of Net Position – Proprietary Funds .....	20
Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds .....	21
Statement of Cash Flows – Proprietary Funds .....	22
Statement of Fiduciary Net Position – Agency Funds .....	24
Budgetary Comparison Statements	
General Fund .....	25
Vocational Education Fund .....	26
Budget to GAAP Reconciliation .....	27
Notes to Basic Financial Statements .....	28
<b>SUPPLEMENTARY INFORMATION</b>	
<b>COMBINING STATEMENTS</b>	
Combining Balance Sheet – Nonmajor Governmental Funds .....	51
Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds .....	52
Combining Balance Sheet – Nonmajor Governmental Funds – Capital Project Funds .....	55
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	56
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Special Revenue Funds .....	57
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Capital Project Funds .....	60
Combining Balance Sheet – Internal Service Funds .....	61
Combining Statement of Revenue, Expenses and Changes in Fund Net Position – Internal Service Funds .....	62
Combining Statement of Cash Flows – Internal Service Funds .....	63
Combining Statement of Fiduciary Net Position – Agency Funds .....	64

## TABLE OF CONTENTS (CONTINUED)

### Page

#### APPENDICES

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	65
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.....	67
Schedule of Expenditures of Federal Awards .....	69
Schedule of Findings and Questioned Costs.....	71
Summary Schedule of Prior Audit Findings .....	76

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Dodge City Community College  
Dodge City, Kansas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dodge City Community College as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dodge City Community College, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Vocational Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dodge City Community College's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2012, on our consideration of Dodge City Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Kennedy McKee & Company LLP*

October 25, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **DODGE CITY COMMUNITY COLLEGE**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2013

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of Dodge City Community College's financial performance provides an overview of the College's financial activities for the year ended June 30, 2013. It should be read in conjunction with the College's basic financial statements, listed in the table of contents.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide statements consist of the Statement of Net Position and the Statement of Activities. These provide information about the activities of the College as a whole and present a longer-term view of the College's finances. Fund financial statements follow the government-wide statements. For governmental activities, these statements tell how the services of the College were financed in the short term as well as what remains for future spending. Fund financial statements report the College's operations in more detail than the government-wide statements by providing information about the College's most significant funds.

#### The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the College's finances is this: "Is the College as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities provide answers to this question by reporting information about the College as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most commercial entities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the College's net position and the changes in them. The net position represents the difference between assets and liabilities. Net position is one way to measure the financial position of the College. Over time, increases or decreases in the College's net position is one indicator of whether its financial health is improving or deteriorating. Other factors, such as changes in the property tax base, and economic conditions at the state and local level must also be considered when assessing the overall financial position of the College.

In the Statement of Net Position and in the Statement of Activities, the information is divided into three kinds of activities:

- Governmental activities—Most of the College's basic services are reported here, including instruction, student services, operation and maintenance, scholarships and community service. Tuition and fees, property taxes, federal and state grants and general obligation bonds finance most of these activities.
- Business-type-activities—The College charges a fee to students to help cover all or most of the cost of certain services it provides. These services are bookstore, food service, student housing, and student union operations.
- Component units—The College includes one separate legal entity in its report: the Dodge City Community College Endowment Association. Although legally separate, this component unit is important because of its relationship with the College.

## USING THIS ANNUAL REPORT (CONTINUED)

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenue, Expenditures, and Changes in Fund Balance. The expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the College's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

### Fund Financial Statements

Our analysis of the College's major funds follows in this discussion. The fund financial statements provide detailed information about the most significant funds – not the College as a whole. Some funds are required to be established by state law or by contract. However, the Board of Trustees establishes many other funds to help control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The College's two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds—Most of the College's basic services are reported in governmental funds. The focus is on how money flows into and out of those funds and on the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the College's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the College's programs. Reconciliation between the governmental funds reported here and the overall governmental activities column of the Statement of Net Position is provided.
- Proprietary funds—When the College charges for the services it provides – whether to students and citizens, or to other units of the College – these services are generally reported in proprietary funds. Proprietary funds are reported using the same accounting approach that all activities use in the Statement of Net Position and in the Statement of Activities. The enterprise funds (a component of proprietary funds) are the same ones that are called business-type activities in the government-wide financial statements. Since they use the same accounting approach in all statements, no reconciliation is necessary among the statements. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the College's other programs and activities, such as central stores and medical self-insurance.



# THE COLLEGE AS A WHOLE

## Government-wide Statements - Overview

The College's overall financial position and operations for the past two years are summarized in the following tables based on the information included in the government-wide financial statements.

Table 1: Financial Position

	Governmental activities		Business-type activities		Total primary government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 8,801,160	\$ 9,003,045	\$ 7,190,534	\$ 1,963,229	\$ 15,991,694	\$ 10,966,274
Capital assets	11,147,393	9,568,184	6,781,541	6,556,884	17,928,934	16,125,068
Total assets	19,948,553	18,571,229	13,972,075	8,520,113	33,920,628	27,046,052
Deferred outflows or resources						
Deferred charges	-	-	43,321	45,290	43,321	45,290
Long-term liabilities	5,620,522	4,395,149	10,990,000	4,850,000	16,610,522	9,245,149
Other liabilities	599,772	882,936	128,261	426,348	728,033	1,309,284
Total liabilities	6,220,294	5,278,085	11,118,261	5,276,348	17,338,555	10,554,433
Deferred inflows or resources						
Property taxes	2,984,076	2,910,143	-	-	2,984,076	2,910,143
Net position						
Invested in capital assets						
net of related debt	7,562,557	6,694,581	1,047,538	1,706,883	8,610,095	8,401,464
Restricted	163,033	283,984	-	-	163,033	283,984
Unrestricted	3,018,593	3,404,436	1,849,597	1,536,882	4,868,190	4,941,318
Total net position	\$ 10,744,183	\$ 10,383,001	\$ 2,897,135	\$ 3,243,765	\$ 13,641,318	\$ 13,626,766

Total net position for the College increased \$14,552 with the net position of the governmental activities increasing \$360,182, and those of the business-type activities decreasing \$346,630.

Table 2: Operations

	Governmental activities		Business-type activities		Total primary government	
	2013	2012	2013	2012	2013	2012
Revenue:						
Program revenue:						
Charges for services	\$ 4,207,361	\$ 3,666,157	\$ 2,243,105	\$ 2,026,577	\$ 6,450,466	\$ 5,692,734
Operating grants	7,509,919	8,278,227	-	-	7,509,919	8,278,227
Capital grants	655,281	287,257	84,562	453,463	739,843	740,720
General revenue:						
Property taxes	9,681,346	9,334,627	-	-	9,681,346	9,334,627
Unrestricted grants	2,687,585	2,540,466	2,000	5,000	2,689,585	2,545,466
Investment earnings	9,424	41,697	202	1,558	9,626	43,255
Contributions to permanent fund principal	3,400	-	-	-	3,400	-
Other general revenue	148,942	253,118	-	-	148,942	253,118
Total revenue	24,903,258	24,401,549	2,329,869	2,486,598	27,233,127	26,888,147
Program expenses:						
Institutional support	5,002,990	5,678,771	-	-	5,002,990	5,678,771
Instruction	6,504,219	5,897,420	-	-	6,504,219	5,897,420
Student services	2,934,079	2,194,583	-	-	2,934,079	2,194,583
Academic support	1,203,132	1,007,928	-	-	1,203,132	1,007,928
Operation and maintenance	2,341,631	1,982,335	-	-	2,341,631	1,982,335
Scholarships and grants	5,852,272	6,562,602	-	-	5,852,272	6,562,602
Community service	633,838	680,277	-	-	633,838	680,277
Capital outlay	37,183	783,988	-	-	37,183	783,988
Indirect depreciation	3,224	3,267	-	-	3,224	3,267
Interest on long-term debt	29,508	33,486	-	-	29,508	33,486
Bookstore	-	-	988,661	674,616	988,661	674,616
Food service	-	-	581,090	492,269	581,090	492,269
Student housing	-	-	1,039,377	548,660	1,039,377	548,660
Student union	-	-	67,371	83,744	67,371	83,744
Total expenses	24,542,076	24,824,657	2,676,499	1,799,289	27,218,575	26,623,946
Increase (decrease) in net position	\$ 361,182	\$ (423,108)	\$ (346,630)	\$ 687,309	\$ 14,552	\$ 264,201

## THE COLLEGE AS A WHOLE (CONTINUED)

### Government-wide Statements – Overview (continued)

Governmental revenues increased about \$501,000 from the prior year. This increase was composed of the following;

- Increase of \$541,000 in charges for services;
- Decrease of \$768,000 in operating grants;
- Increase of \$368,000 in capital grants;
- Increase of \$347,000 in property taxes;
- Increase of \$147,000 in unrestricted grants;
- Decrease of \$104,000 in other general revenue;

Expenses decreased about \$283,000 as follows:

- \$676,000 decrease in institutional support;
- \$607,000 increase in instruction;
- \$739,000 increase in student services;
- \$359,000 increase in operations and maintenance;
- \$710,000 decrease in scholarships;
- \$747,000 decrease in capital outlay.

Business-type revenues increased about \$216,000, with bookstore increasing \$77,000, food service decreasing \$61,000 and student housing increasing \$186,000. Business-type expenses increased about \$877,000 with bookstore increasing \$314,000, food service increasing \$89,000 and student housing increasing \$491,000.

### Governmental Activities

The most significant governmental activities are instruction, institutional support, student services, operation and maintenance, and scholarships. The main sources of revenue are property taxes, charges for services (including tuition and fees), and operating grants and contributions (including state aid).

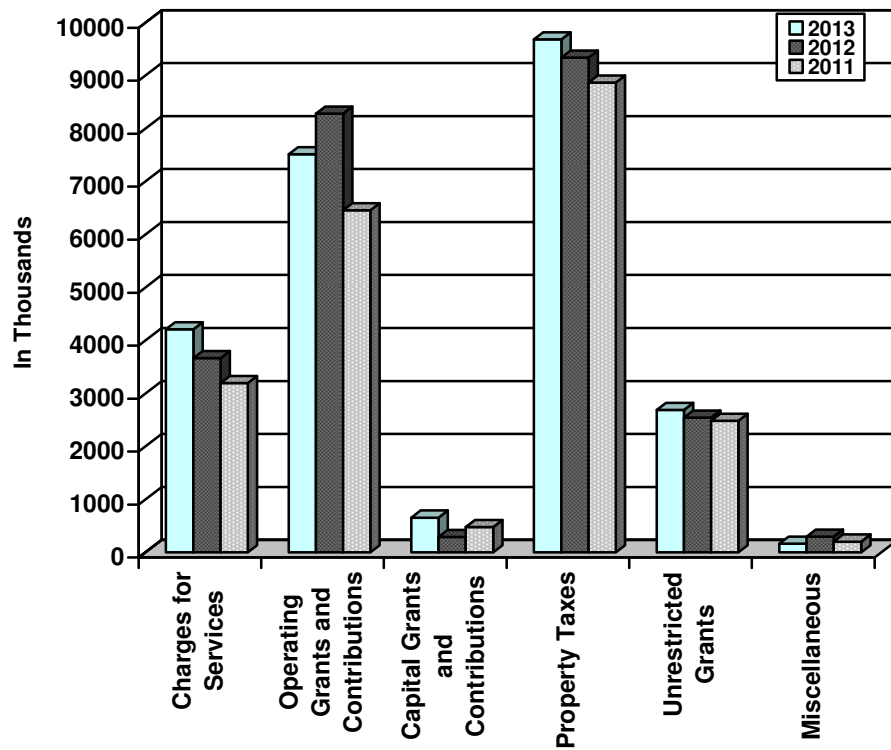
The cost of all governmental activities this year was \$24,542,000 compared to \$24,825,000 last year. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities through property taxes was only \$9,681,000 because some of the cost was paid by those who directly benefited from the programs (\$4,167,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$10,852,000). The College paid for the remaining portion of governmental activities with other revenues such as interest and general entitlements. These revenues compared to expenses resulted in an increase in net position of \$361,000.

The following charts reflect a comparison among all the activities and sources of revenue for the years ended June 30, 2013, 2012 and 2011 based on the information included in the government-wide financial statements.

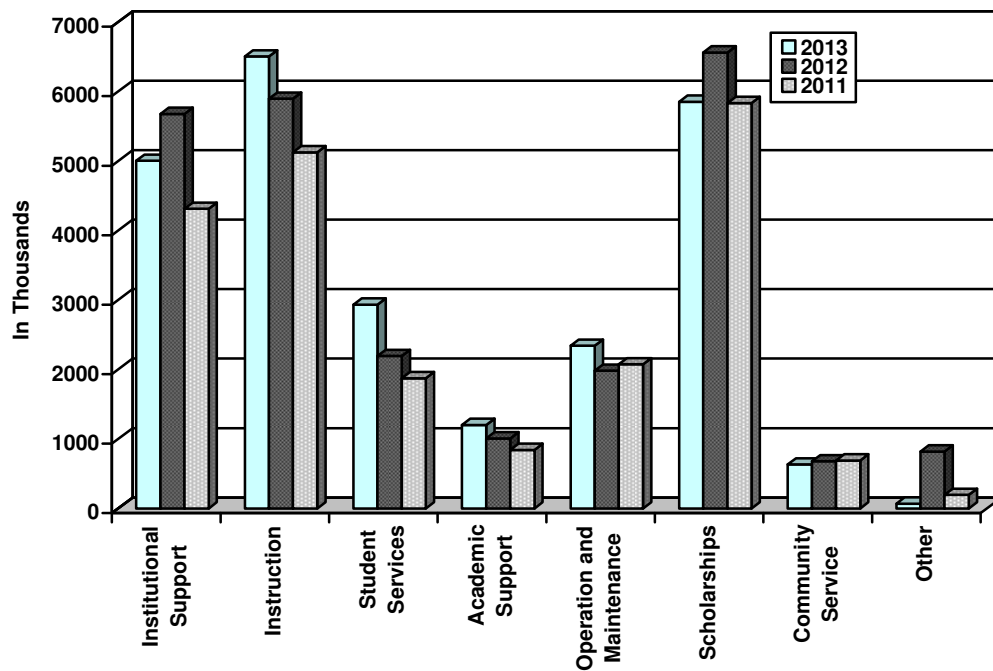
# THE COLLEGE AS A WHOLE (CONTINUED)

## Governmental Activities (continued)

Governmental Activities - Revenues



Governmental Activities - Expenses



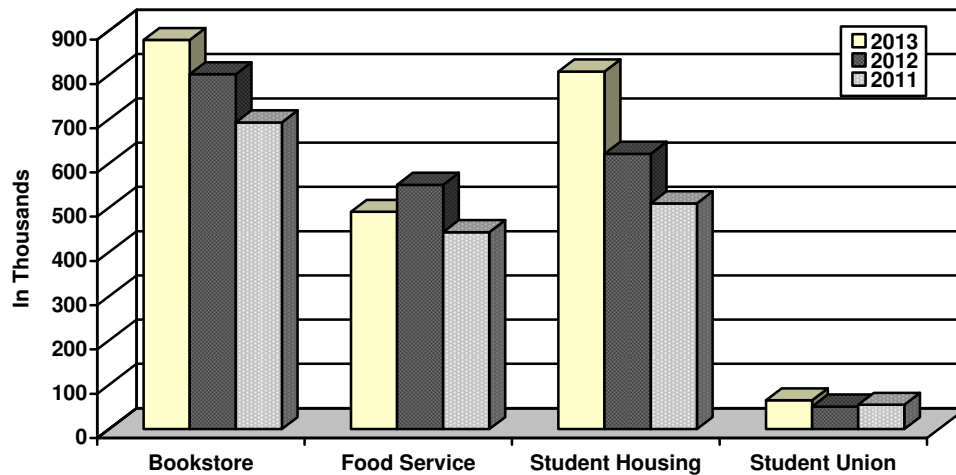
## THE COLLEGE AS A WHOLE (CONTINUED)

### Business-Type Activities

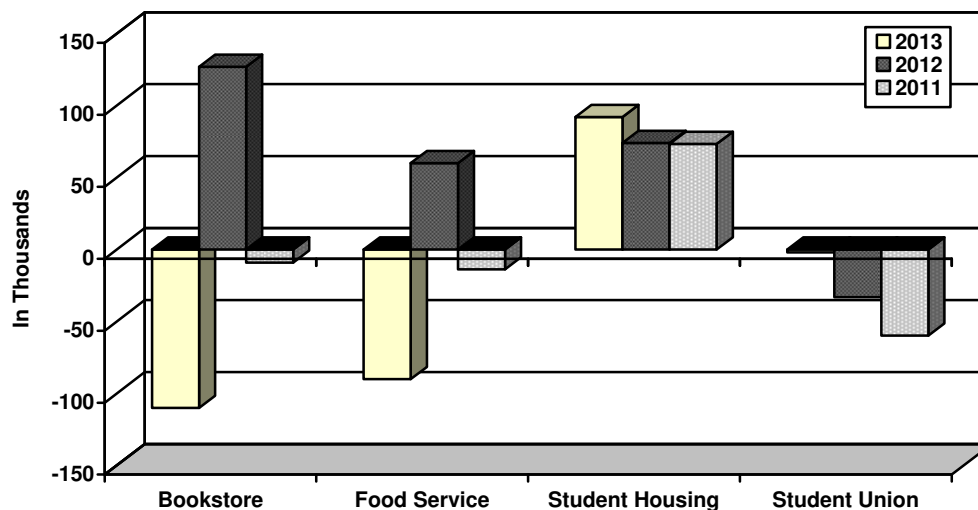
The business-type activities of the College are the bookstore, food service, student housing, and student union operations. These activities derive most of their revenue from charges for services. Total business-type charges for services were \$2,243,000 compared with \$2,027,000 last year. Expenses were \$2,677,000 compared with \$1,799,000.

The charts below compare charges for services and operating income (loss) among the business-type activities based on the information included in the government-wide financial statements for the years ending June 30, 2013, 2012 and 2011.

**Business-Type Activities - Charges for Services**



**Business-Type Activities Operating Income (Loss)**

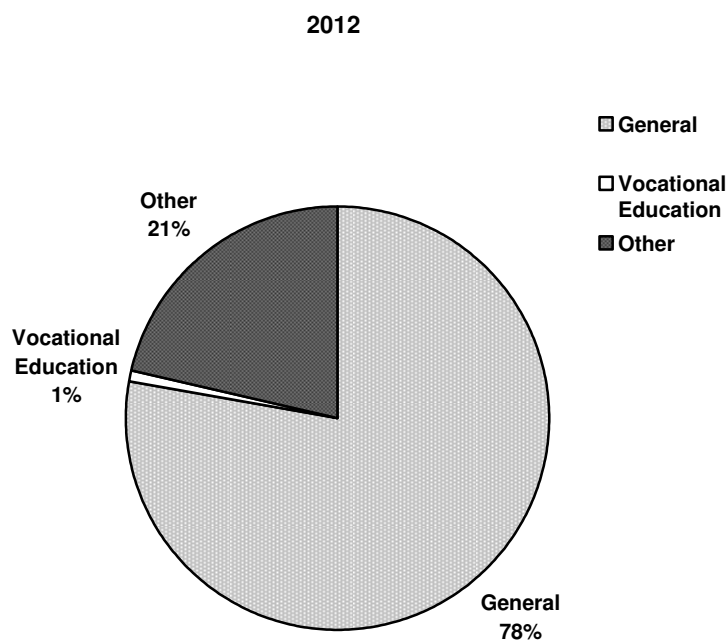
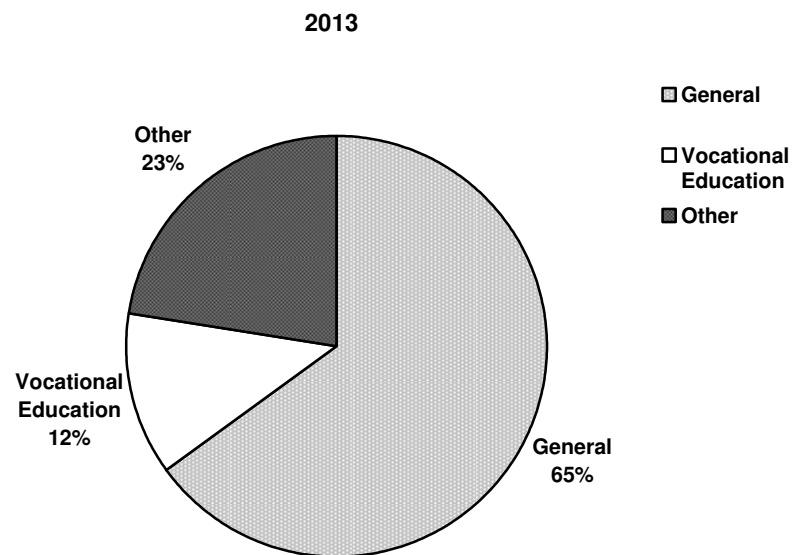


## THE COLLEGE'S FUND BALANCES

The College's combined fund balances as of the end of the current year for governmental funds were \$3,591,000, as reflected in the Balance Sheet of the Governmental Funds. This balance represents a decrease of \$71,000 (2%) from last year's ending balance.

A comparison of fund balances as of June 30, 2013 and 2012 based on information included in the fund financial statements is presented below:

### Governmental Fund Balances



## THE COLLEGE'S FUND BALANCES (CONTINUED)

Following is an analysis of General Fund and Vocational Education Fund revenue and expenditures compared to the previous year:

Table 3: Comparison to Prior Year

### GENERAL FUND

	<u>2013</u>	<u>2012</u>	<u>Increase (decrease)</u>	<u>Percent</u>
Revenue				
Student fees	\$ 796,266	\$ 645,257	\$ 151,009	23%
Tuition	987,823	960,459	27,364	3%
Charges for services	81,162	48,416	32,746	68%
Local support	9,034,957	8,703,319	331,638	4%
State support	1,528,887	1,702,180	(173,293)	-10%
Federal support	-	1,436	(1,436)	-100%
Investment earnings	5,440	34,356	(28,916)	-84%
Miscellaneous	75,634	98,196	(22,562)	-23%
Total revenue	<u>12,510,169</u>	<u>12,193,619</u>	<u>316,550</u>	3%
Expenditures				
Institutional support	2,707,553	2,419,142	288,411	12%
Instruction	2,780,540	2,457,770	322,770	13%
Student services	2,236,965	2,092,859	144,106	7%
Academic support	911,230	870,104	41,126	5%
Operation and maintenance	1,737,320	2,269,481	(532,161)	-23%
Scholarships and grants	358,416	597,346	(238,930)	-40%
Capital outlay	501,986	71,339	430,647	604%
Debt service principal	56,479	-	56,479	100%
Transfers out	1,737,000	2,000,000	(263,000)	-13%
Total expenditures	<u>13,027,489</u>	<u>12,778,041</u>	<u>249,448</u>	2%
Change in fund balance	<u>\$ (517,320)</u>	<u>\$ (584,422)</u>	<u>\$ 67,102</u>	

### VOCATIONAL EDUCATION FUND

	<u>2013</u>	<u>2012</u>	<u>Increase (decrease)</u>	<u>Percent</u>
Revenue				
Student fees	\$ 634,101	\$ 475,026	\$ 159,075	33%
Tuition	812,599	595,339	217,260	36%
Charges for services	131,279	68,617	62,662	91%
State support	1,360,439	984,414	376,025	38%
Federal support	157,084	139,693	17,391	12%
Miscellaneous	2,569	2,990	(421)	-14%
Transfers in	1,727,000	2,000,000	(273,000)	-14%
Total revenue	<u>4,825,071</u>	<u>4,266,079</u>	<u>558,992</u>	13%
Expenditures				
Institutional support	956,479	1,759,232	(802,753)	-46%
Instruction	1,985,094	2,339,603	(354,509)	-15%
Student services	393,775	41,696	352,079	844%
Academic support	261,691	111,663	150,028	134%
Operations and maintenance	624,825	-	624,825	100%
Capital outlay	103,888	129,342	(25,454)	-20%
Debt service	80,824	80,010	814	1%
Total expenditures	<u>4,406,576</u>	<u>4,461,546</u>	<u>(54,970)</u>	-1%
Change in fund balance	<u>\$ 418,495</u>	<u>\$ (195,467)</u>	<u>\$ 613,962</u>	

## THE COLLEGE'S FUND BALANCES (CONTINUED)

Total revenue in the General Fund increased \$317,000 as follows:

- Increase of \$151,000 in student fees;
- Increase of \$332,000 in local support;
- Decrease of \$173,000 in state support.

Expenditures increased about \$249,000 as follows:

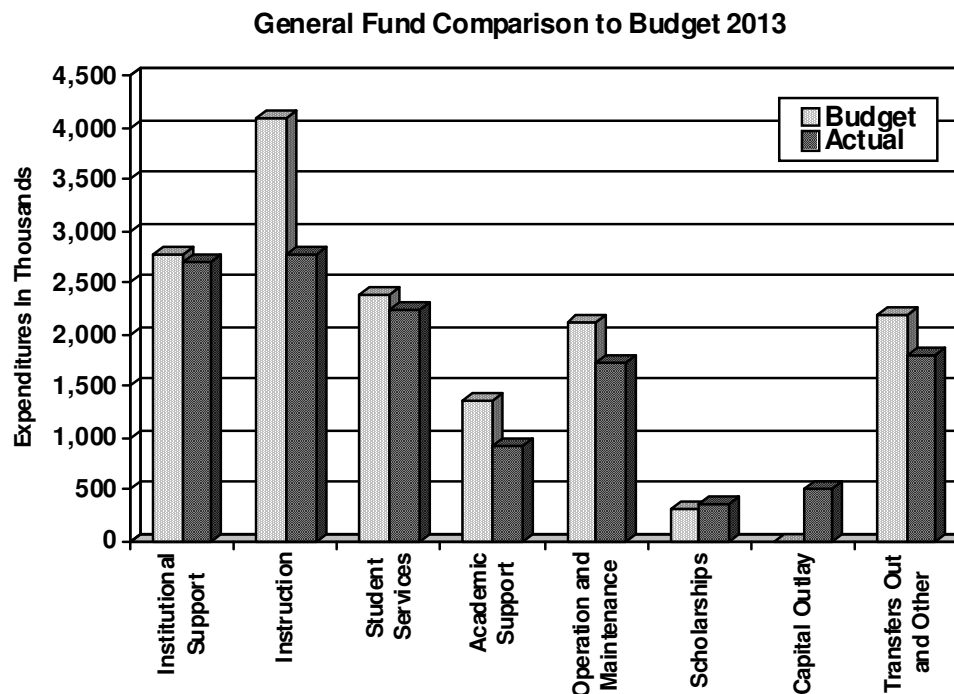
- Increase of \$288,000 in institutional support;
- Increase of \$323,000 in instruction;
- Increase of \$144,000 in student services;
- Decrease of \$533,000 in operations and maintenance;
- Decrease of \$239,000 in scholarships and grants;
- Increase of \$431,000 in capital outlay;
- Decrease of \$263,000 in transfers.

The General Fund and the Vocational Education Fund are tied together because the General Fund supports the Vocational Education Fund through annual operating transfers. Transfers were \$1,737,000 and \$2,000,000 as of June 30, 2013 and 2012, respectively.

## BUDGETARY HIGHLIGHTS

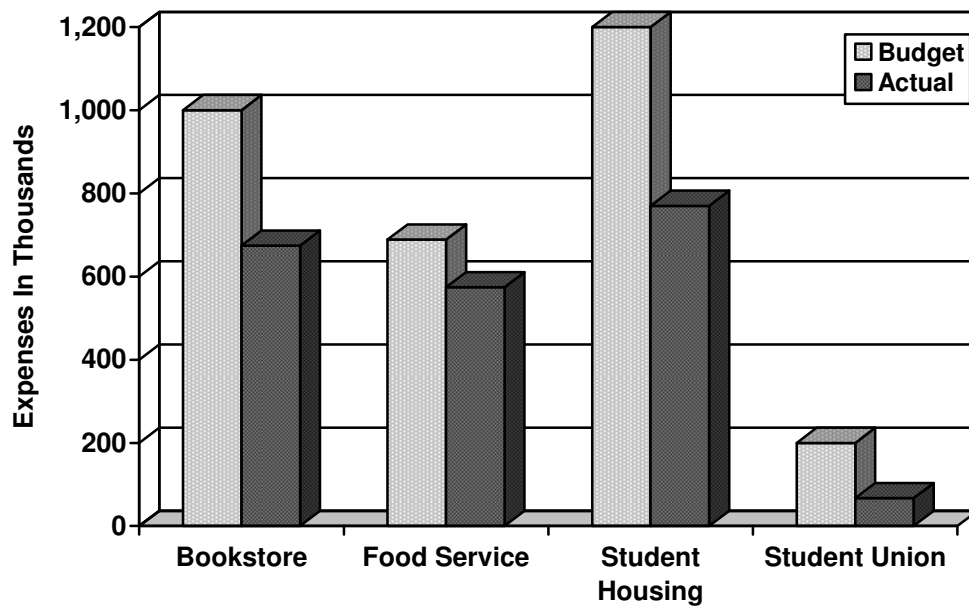
The governmental funds included in the published budget are the General Fund, Vocational Education Fund, Adult Education Fund, Adult Supplementary Education Fund and Capital Outlay Fund. Budgeted business-type funds are as follows: Bookstore Fund, Food Service Fund, Student Housing Fund, and Student Union Operations Fund. No fund spent more than its budgeted amount for the year.

The following charts show expenditures by category compared with the published budget for the current year.



## BUDGETARY HIGHLIGHTS (CONTINUED)

Enterprise Funds Comparison to Budget 2013



## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The College has invested \$17.929 million in capital assets (net of depreciation). Approximately 62% of this investment is related to governmental activities and includes infrastructure, buildings and equipment. Net governmental capital assets increased about 17% from the prior year. Net capital assets held for business-type activities have increased about 3% from the previous year. Capital assets held by the College at the end of the current and previous years are summarized as follows:

	Capital Assets (Net of Depreciation, in Thousands)					
	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 191	\$ 191	\$ -	\$ -	\$ 191	\$ 191
Buildings and improvements	7,385	5,661	6,286	661	13,671	6,322
Furniture and equipment	2,601	2,174	185	70	2,786	2,244
Infrastructure	29	32	-	-	29	32
Construction in progress	941	1,510	311	5,826	1,252	7,336
Totals	<u>\$ 11,147</u>	<u>\$ 9,568</u>	<u>\$ 6,782</u>	<u>\$ 6,557</u>	<u>\$ 17,929</u>	<u>\$ 16,125</u>

During the current year, major capital additions for governmental activities and business-type activities were construction in progress relating to student union improvements and completion of a women's dormitory building respectively.

Additional information about the College's capital assets is presented in Note F of the financial statements.



## CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

### Long-Term Liabilities

At the end of the current year, the College had long-term liabilities related to governmental activities of \$5,832,000. This includes \$2,128,000 in capital leases, \$1,115,000 in general obligation bonds, \$440,000 in notes payable, \$1,897,000 net OPEB obligation, \$211,000 in compensated absences payable and \$41,000 in early retirement payable. All of the leases outstanding as of the end of the year were secured by liens on the property purchased. The general obligation bonds were issued on June 15, 2010 and June 28, 2011 at an interest rate of 1.75% and 1.20% for building and campus improvements. The notes payable were issued on March 26, 2008 and March 25, 2009 not to exceed \$840,000 and \$277,000, respectively, at a zero percent interest rate to finance infrastructure improvement projects. Advances on the notes are being made as improvement expenses are incurred. The College had long-term liabilities related to business-type activities of \$10,990,000. The revenue bonds were issued on August 15, 2010 and March 14, 2013 at an interest rate of 3.25% to 5.375% for student union and dormitory improvements.

The debt position of the College is summarized below and is more fully analyzed in Note G of the financial statements.

	Long-term Obligations (in Thousands)					
	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Capital lease obligations	\$ 2,128	\$ 964	\$ -	\$ -	\$ 2,128	\$ 964
General obligation bonds	1,115	1,665	-	-	1,115	1,665
Revenue bonds	-	-	10,990	4,850	10,990	4,850
Notes payable	440	475	-	-	440	475
Net OPEB obligation	1,897	1,264	-	-	1,897	1,264
Compensated absences	211	202	-	-	211	202
Other obligations	41	28	-	-	41	28
Totals	<u>\$ 5,832</u>	<u>\$ 4,598</u>	<u>\$ 10,990</u>	<u>\$ 4,850</u>	<u>\$ 16,822</u>	<u>\$ 9,448</u>

## RELEVANT CURRENT ECONOMIC FACTORS, DECISIONS AND CONDITIONS

The College is currently building a new men's dormitory building to replace existing dormitory buildings. The College has issued bonds to finance the construction. The project will be completed in the June 30, 2014 fiscal year.

On September 24, 2013, the College approved a resolution determining its intent to utilize an Activity Center on the college campus and to negotiate and enter into a lease agreement with the Dodge City Community College Foundation, a component unit of the College. The Foundation will construct the facility and issue bonds at a cost not to exceed \$9,400,000. The College will be the only tenant and the lease payment will be used to retire the bonds.

## CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide various interested parties with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Vice-President of Operations and Finance, Dodge City Community College, 2501 N. 14<sup>th</sup> Avenue, Dodge City, Kansas 67801. The separately issued financial statements of the Dodge City Community College Endowment Association, a component unit of the College, may be obtained at the same location.

## **BASIC FINANCIAL STATEMENTS**

# DODGE CITY COMMUNITY COLLEGE

## STATEMENT OF NET POSITION

June 30, 2013

	Primary government			Component unit
	Governmental activities	Business-type activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 4,132,979	\$ 775,635	\$ 4,908,614	\$ 146,446
Investments	2,300,000	-	2,300,000	1,041,924
Receivables (net)	91,363	18,386	109,749	-
Due from other governments	319,967	-	319,967	-
Inventories and other assets	173,173	84,939	258,112	-
Restricted cash and cash equivalents	1,783,678	6,311,574	8,095,252	-
Capital assets, net	11,147,393	6,781,541	17,928,934	-
Total assets	19,948,553	13,972,075	33,920,628	1,188,370
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred charges	-	43,321	43,321	-
<u>LIABILITIES</u>				
Accounts payable	337,291	15,889	353,180	-
Accrued interest payable	-	112,372	112,372	-
Compensated absences payable	211,178	-	211,178	-
Payable from restricted assets:				
Medical claims payable	51,303	-	51,303	-
Noncurrent liabilities:				
Due within one year:				
Capital lease obligations	290,832	-	290,832	-
General obligation bonds	555,000	-	555,000	-
Revenue bonds	-	135,000	135,000	-
Notes payable	142,951	-	142,951	-
Early retirement payable	24,614	-	24,614	-
Due in more than one year:				
Capital lease obligations	1,836,812	-	1,836,812	-
General obligation bonds	560,000	-	560,000	-
Revenue bonds	-	10,855,000	10,855,000	-
Notes payable	297,118	-	297,118	-
Early retirement payable	16,230	-	16,230	-
Net OPEB obligation	1,896,965	-	1,896,965	-
Total liabilities	6,220,294	11,118,261	17,338,555	-
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Property taxes	2,984,076	-	2,984,076	-
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	7,562,557	1,047,538	8,610,095	-
Restricted:				
Nonexpendable:				
Future educational purpose	57,758	-	57,758	-
Scholarships	-	-	-	933,020
Expendable:				
Construction	105,275	-	105,275	-
Scholarships	-	-	-	96,718
Unrestricted	3,018,593	1,849,597	4,868,190	158,632
Total net position	\$ 10,744,183	\$ 2,897,135	\$ 13,641,318	\$ 1,188,370

The accompanying notes are an integral part of the basic financial statements.

# DODGE CITY COMMUNITY COLLEGE

## STATEMENT OF ACTIVITIES

Year ended June 30, 2013

Functions/programs	Expenses	Program revenue		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary government:				
Governmental activities:				
Institutional support	\$ 5,002,990	\$ 183,781	\$ 316,350	\$ -
Instruction	6,504,219	2,030,462	989,681	-
Student services	2,934,079	1,475,123	819,688	-
Academic support	1,203,132	-	-	-
Operation and maintenance	2,341,631	-	-	-
Scholarships and grants	5,852,272	517,995	4,978,650	-
Community service	633,838	-	405,550	-
Capital outlay	37,183	-	-	655,281
Indirect depreciation	3,224	-	-	-
Indirect interest on long-term debt	29,508	-	-	-
Total governmental activities	24,542,076	4,207,361	7,509,919	655,281
Business-type activities:				
Bookstore	988,661	878,707	-	-
Food service	581,090	490,800	-	54,639
Student housing	1,039,377	808,449	-	29,923
Student union operations	67,371	65,149	-	-
Total business-type activities	2,676,499	2,243,105	-	84,562
Total primary government	\$ 27,218,575	\$ 6,450,466	\$ 7,509,919	\$ 739,843
Component unit:				
DCCC Endowment Association	\$ 54,354	\$ -	\$ 26,525	\$ -

### General revenues:

Property taxes, levied for general purposes  
Grants and contributions not restricted to specific programs  
Investment earnings  
Contributions to permanent fund principal  
Contributions to endowment  
Miscellaneous

Total general revenues

Change in net assets

Net position - beginning

Net position - ending

The accompanying notes are an integral part of the basic financial statements.

Changes in net assets			
Primary government			
Governmental activities	Business-type activities	Total	Component unit
\$ (4,502,859)	\$ -	\$ (4,502,859)	\$ -
(3,484,076)	-	(3,484,076)	-
(639,268)	-	(639,268)	-
(1,203,132)	-	(1,203,132)	-
(2,341,631)	-	(2,341,631)	-
(355,627)	-	(355,627)	-
(228,288)	-	(228,288)	-
618,098	-	618,098	-
(3,224)	-	(3,224)	-
(29,508)	-	(29,508)	-
(12,169,515)	-	(12,169,515)	-
-	(109,954)	(109,954)	-
-	(35,651)	(35,651)	-
-	(201,005)	(201,005)	-
-	(2,222)	(2,222)	-
-	(348,832)	(348,832)	-
(12,169,515)	(348,832)	(12,518,347)	-
-	-	-	(27,829)
9,681,346	-	9,681,346	-
2,687,585	2,000	2,689,585	-
9,424	202	9,626	124,804
3,400	-	3,400	-
-	-	-	1,990
148,942	-	148,942	-
12,530,697	2,202	12,532,899	126,794
361,182	(346,630)	14,552	98,965
10,383,001	3,243,765	13,626,766	1,089,405
\$ 10,744,183	\$ 2,897,135	\$ 13,641,318	\$ 1,188,370

# DODGE CITY COMMUNITY COLLEGE

## BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

	<u>General</u>	<u>Vocational education</u>	<u>Federal PELL grants</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
<u>ASSETS</u>					
Cash	\$ 5,053,404	\$ 555,420	\$ -	\$ 820,467	\$ 6,429,291
Property taxes receivable	200,565	-	-	13,217	213,782
Due from other governments	-	-	-	106,185	106,185
Due from other funds	64,770	-	-	-	64,770
Restricted cash	-	-	-	163,033	163,033
Total assets	<u>\$ 5,318,739</u>	<u>\$ 555,420</u>	<u>\$ -</u>	<u>\$ 1,102,902</u>	<u>\$ 6,977,061</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ 64,770	\$ 64,770
Accounts payable	183,721	110,273	-	42,895	336,889
Total liabilities	<u>183,721</u>	<u>110,273</u>	<u>-</u>	<u>107,665</u>	<u>401,659</u>
Deferred inflows of resources:					
Property taxes	<u>2,798,807</u>	<u>-</u>	<u>-</u>	<u>185,269</u>	<u>2,984,076</u>
Fund balances:					
Nonspendable	-	-	-	57,758	57,758
Restricted	-	-	-	172,798	172,798
Assigned	<u>2,336,211</u>	<u>445,147</u>	<u>-</u>	<u>579,412</u>	<u>3,360,770</u>
Total fund balances	<u>2,336,211</u>	<u>445,147</u>	<u>-</u>	<u>809,968</u>	<u>3,591,326</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,318,739</u>	<u>\$ 555,420</u>	<u>\$ -</u>	<u>\$ 1,102,902</u>	<u>\$ 6,977,061</u>

The accompanying notes are an integral part of the basic financial statements.

## DODGE CITY COMMUNITY COLLEGE

### RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

June 30, 2013

Total fund balances on the balance sheet	\$ 3,591,326
Amounts reported for governmental activities in the statement of net assets are different because of the following:	
Accounts receivable from governmental activities are not financial resources and therefore are not reported in the funds.	91,363
Prepaid accounts of governmental activities are not financial resources and therefore are not reported in the funds.	133,988
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	11,147,393
Internal service funds are used by management to charge the costs of certain activities, such as central stores and health insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,611,813
Long-term liabilities, including capitalized leases, are not due and payable in the current period and therefore are not reported in the funds.	(3,723,557)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(211,178)
Net OPEB obligation is not due and payable in the current period and therefore is not reported in the funds.	<u>(1,896,965)</u>
Net position of governmental activities	<u><u>\$ 10,744,183</u></u>

The accompanying notes are an integral part of the basic financial statements.

# DODGE CITY COMMUNITY COLLEGE

## STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

Year ended June 30, 2013

	General	Vocational education	Federal PELL grants	Other governmental funds	Total governmental funds
Revenue:					
Student fees	\$ 796,266	\$ 634,101	\$ -	\$ 500,000	\$ 1,930,367
Tuition	987,823	812,599	-	4,290	1,804,712
Charges for services	81,162	131,279	-	216,402	428,843
Local support	9,034,957	-	-	646,389	9,681,346
State support	1,528,887	1,360,439	-	71,101	2,960,427
Federal support	-	157,084	2,811,558	3,522,838	6,491,480
Private gifts	-	-	-	1,404,278	1,404,278
Investment earnings	5,440	-	-	3	5,443
Miscellaneous	75,634	2,569	-	70,738	148,941
Total revenue	<u>12,510,169</u>	<u>3,098,071</u>	<u>2,811,558</u>	<u>6,436,039</u>	<u>24,855,837</u>
Expenditures:					
Education and general:					
Institutional support	2,707,553	956,479	-	713,594	4,377,626
Instruction	2,780,540	1,985,094	-	997,570	5,763,204
Student services	2,236,965	393,775	-	67,165	2,697,905
Academic support	911,230	261,691	-	-	1,172,921
Operation and maintenance	1,737,320	624,825	-	-	2,362,145
Scholarships and grants	358,416	-	2,811,558	2,682,298	5,852,272
Community service	-	-	-	613,911	613,911
Capital outlay	501,986	103,888	-	2,105,450	2,711,324
Debt service:					
Principal	56,479	80,824	-	558,781	696,084
Interest	-	-	-	29,508	29,508
Total expenditures	<u>11,290,489</u>	<u>4,406,576</u>	<u>2,811,558</u>	<u>7,768,277</u>	<u>26,276,900</u>
Excess (deficiency) of revenue over expenditures	<u>1,219,680</u>	<u>(1,308,505)</u>	<u>-</u>	<u>(1,332,238)</u>	<u>(1,421,063)</u>
Other financing sources (uses):					
Debt issue proceeds	-	-	-	1,360,000	1,360,000
Transfers in	-	1,727,000	-	3,934	1,730,934
Transfers out	<u>(1,737,000)</u>	<u>-</u>	<u>-</u>	<u>(3,934)</u>	<u>(1,740,934)</u>
Total other financing sources and uses	<u>(1,737,000)</u>	<u>1,727,000</u>	<u>-</u>	<u>1,360,000</u>	<u>1,350,000</u>
Net change in fund balances	(517,320)	418,495	-	27,762	(71,063)
Fund balances, beginning of year	<u>2,853,531</u>	<u>26,652</u>	<u>-</u>	<u>782,206</u>	<u>3,662,389</u>
Fund balances, end of year	<u>\$2,336,211</u>	<u>\$ 445,147</u>	<u>\$ -</u>	<u>\$ 809,968</u>	<u>\$ 3,591,326</u>

The accompanying notes are an integral part of the basic financial statements.



## DODGE CITY COMMUNITY COLLEGE

### RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2013

Net change in fund balances, total governmental funds	\$ (71,063)
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Amounts reported for governmental activities in the statement of activities are different because of the following:

Governmental funds recognize receivables and related revenue when they become measurable and available. Available is defined as expected to be collected within sixty days of year-end. In the statement of net assets, receivables are accrued when earned. This is the amount of the change in net receivables in the current year.	43,440
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Governmental funds recognize prepaid expenses when they are paid. In the statement of net assets, they are accrued over the life of the service. This is the amount of the change in prepaid expense in the current year.	27,245
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and losses in the current year.	1,579,209
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Governmental funds report bond issue costs as expenditures. However, in the statement of activities, the costs of those assets is allocated over the repayment term of the bonds. This is the amount by which bond issuance costs exceeded amortization expense in the current year.	(52,176)
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Increases in long-term liabilities provide current financial resources to governmental funds, but entering into such obligations increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments in the current year.	(579,483)
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Compensated absences and early retirement liabilities reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the change in these liabilities in the current year.	(21,824)
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Internal service funds are used by management to charge the cost of certain activities, such as central stores and medical insurance, to individual funds. The net operating income (loss) of the internal service funds and the interest income are reported with governmental activities in the statement of activities.	68,648
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Net OPEB obligation reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds. This is the change in the liability in the current year.	(632,814)
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Change in net assets of governmental activities	<u>\$ 361,182</u>
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The accompanying notes are an integral part of the basic financial statements.

# DODGE CITY COMMUNITY COLLEGE

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

June 30, 2013

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 271,499	\$ 73,543
Receivables, net	-	-
Inventories	84,939	-
Total current assets	356,438	73,543
Noncurrent assets:		
Restricted cash and cash equivalents	-	-
Capital assets:		
Buildings and equipment	8,701	233,819
Construction in progress	-	-
Less accumulated depreciation	(8,701)	(163,198)
Total noncurrent assets	-	70,621
Total assets	356,438	144,164
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred charges	-	-
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable	202	15,291
Accrued interest payable	-	-
Revenue bonds payable	-	-
Payable from restricted assets:		
Medical claims payable	-	-
Total current liabilities	202	15,291
Noncurrent liabilities:		
Revenue bonds payable	-	-
Total liabilities	202	15,291
<b><u>NET POSITION</u></b>		
Invested in capital assets, net of related debt	-	70,621
Unrestricted	356,236	58,252
Total net position	356,236	128,873
Total liabilities and net position	\$ 356,438	\$ 144,164

The accompanying notes are an integral part of the basic financial statements.

Business-type activities			Governmental
Enterprise funds			activities
Student housing	Student union operations	Total	Internal service funds
\$ 423,173	\$ 7,420	\$ 775,635	\$ 3,688
18,386	-	18,386	-
-	-	84,939	39,185
441,559	7,420	878,960	42,873
6,311,574	-	6,311,574	1,620,645
8,513,722	9,781	8,766,023	-
311,085	-	311,085	-
(2,113,887)	(9,781)	(2,295,567)	-
13,022,494	-	13,093,115	1,620,645
13,464,053	7,420	13,972,075	1,663,518
43,321	-	43,321	-
396	-	15,889	402
112,372	-	112,372	\$ -
135,000	-	135,000	-
-	-	-	51,303
247,768	-	263,261	51,705
10,855,000	-	10,855,000	-
11,102,768	-	11,118,261	51,705
976,917	-	1,047,538	-
1,427,689	7,420	1,849,597	1,611,813
2,404,606	7,420	2,897,135	1,611,813
\$ 13,507,374	\$ 7,420	\$ 14,015,396	\$ 1,663,518

# DODGE CITY COMMUNITY COLLEGE

## STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

Year ended June 30, 2013

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
Operating revenue:		
Charges for services	\$ 878,707	\$ 490,800
Operating expenses:		
Personal services	127,845	-
Contractual services	9,653	567,720
Repairs and maintenance	9,148	3,008
Other supplies and expenses	833,093	3,084
Capital outlay	8,922	-
Depreciation	-	7,278
Total operating expenses	988,661	581,090
Operating income (loss)	(109,954)	(90,290)
Nonoperating revenue (expense):		
Contributed capital, net	-	54,639
Interest and investment revenue	-	-
Interest expense	-	-
Donations	-	-
Transfers in	-	-
Total nonoperating revenue (expense)	-	54,639
Change in net position	(109,954)	(35,651)
Total net position, beginning of year	466,190	164,524
Total net position, end of year	\$ 356,236	\$ 128,873

The accompanying notes are an integral part of the basic financial statements.

Business-type activities			Governmental activities Internal service funds
Enterprise funds			
Student housing	Student union operations	Total	
<u>\$ 808,449</u>	<u>\$ 65,149</u>	<u>\$ 2,243,105</u>	<u>\$ 1,266,611</u>
223,913	36,721	388,479	-
28,116	26,837	632,326	1,171,635
72,216	-	84,372	-
10,323	3,813	850,313	40,309
165,011	-	173,933	-
216,999	-	224,277	-
<u>716,578</u>	<u>67,371</u>	<u>2,353,700</u>	<u>1,211,944</u>
<u>91,871</u>	<u>(2,222)</u>	<u>(110,595)</u>	<u>54,667</u>
29,923	-	84,562	-
202	-	202	3,981
(322,799)	-	(322,799)	-
-	2,000	2,000	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
<u>(292,674)</u>	<u>2,000</u>	<u>(236,035)</u>	<u>13,981</u>
(200,803)	(222)	(346,630)	68,648
<u>2,605,409</u>	<u>7,642</u>	<u>3,243,765</u>	<u>1,543,165</u>
<u>\$ 2,404,606</u>	<u>\$ 7,420</u>	<u>\$ 2,897,135</u>	<u>\$ 1,611,813</u>

# DODGE CITY COMMUNITY COLLEGE

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

Year ended June 30, 2013

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
Cash flows from operating activities:		
Receipts from customers	\$ 878,707	\$ 490,800
Payments for goods and services	(810,055)	(560,450)
Payments to employees	(127,845)	-
	<u>(59,193)</u>	<u>(69,650)</u>
Net cash provided (used) by operating activities		
	<u>(59,193)</u>	<u>(69,650)</u>
Cash flows from noncapital financing activities:		
Operating subsidies from other funds	-	-
Private gifts received	-	-
	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities		
	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	-	(16,806)
Principal paid on capital debt	-	-
Interest paid on capital debt	-	-
Capital contributions	-	-
Proceeds of capital debt	-	-
	<u>-</u>	<u>-</u>
Net cash used by capital and related financing activities		
	<u>-</u>	<u>(16,806)</u>
Cash flows from investing activities:		
Interest and dividends	-	-
	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(59,193)	(86,456)
Balances, beginning of year	<u>330,692</u>	<u>159,999</u>
Balances, end of year	<u><u>\$ 271,499</u></u>	<u><u>\$ 73,543</u></u>
Cash and cash equivalents	\$ 271,499	\$ 73,543
Restricted cash and cash equivalents	<u>-</u>	<u>-</u>
Total balance, end of year	<u><u>\$ 271,499</u></u>	<u><u>\$ 73,543</u></u>

Business-type activities			Governmental activities
Enterprise funds			Internal service funds
Student housing	Student union operations	Total	
\$ 809,607 (303,103) (223,913)	\$ 65,149 (44,489) (36,721)	\$ 2,244,263 (1,718,097) (388,479)	\$ 1,308,543 (1,171,659) -
282,591	(16,061)	137,687	136,884
-	-	-	10,000
-	2,000	2,000	-
-	2,000	2,000	10,000
(646,917) (130,000) (227,113) 33,180 6,270,000	- - - - -	(663,723) (130,000) (227,113) 33,180 6,270,000	- - - - -
5,299,150	-	5,282,344	-
202	-	202	3,981
5,581,943	(14,061)	5,422,233	150,865
1,152,804	21,481	1,664,976	1,473,468
<u>\$ 6,734,747</u>	<u>\$ 7,420</u>	<u>\$ 7,087,209</u>	<u>\$ 1,624,333</u>
\$ 423,173 6,311,574	\$ 7,420 -	\$ 775,635 6,311,574	\$ 3,688 1,620,645
<u>\$ 6,734,747</u>	<u>\$ 7,420</u>	<u>\$ 7,087,209</u>	<u>\$ 1,624,333</u>

# DODGE CITY COMMUNITY COLLEGE

## STATEMENT OF CASH FLOWS (CONTINUED) PROPRIETARY FUNDS

Year ended June 30, 2013

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (109,954)	\$ (90,290)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	-	7,278
Change in assets and liabilities:		
Receivables, net	-	-
Inventories	53,983	-
Accounts and other payables	(3,222)	13,362
Net cash provided (used) by operating activities	<u>\$ (59,193)</u>	<u>\$ (69,650)</u>

The accompanying notes are an integral part of the basic financial statements.



Business-type activities			Governmental activities Internal service funds
Enterprise funds			
Student housing	Student union operations	Total	
\$ 91,871	\$ (2,222)	\$ (110,595)	\$ 54,667
216,999	-	224,277	-
1,158	-	1,158	41,932
-	-	53,983	(11,420)
(27,437)	(13,839)	(31,136)	51,705
\$ 282,591	\$ (16,061)	\$ 137,687	\$ 136,884

**DODGE CITY COMMUNITY COLLEGE**

**STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS**

June 30, 2013

ASSETS

Cash and cash equivalents	\$ 950,833
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LIABILITIES

Due to others	\$ 950,833
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The accompanying notes are an integral part of the basic financial statements.

# DODGE CITY COMMUNITY COLLEGE

## BUDGETARY COMPARISON STATEMENT GENERAL FUND

Year ended June 30, 2013

	Budgeted amounts		Actual amounts	Variance with
	Original	Final	(budgetary basis)	final budget positive (negative)
Budgetary fund balance, beginning of year	\$ 5,159,944	\$ 5,159,944	\$ 5,292,846	\$ 132,902
Resources (inflows):				
Student fees	1,101,120	1,101,120	796,266	(304,854)
Tuition	1,548,130	1,548,130	987,823	(560,307)
Charges for services	-	-	81,162	81,162
Local	9,098,403	9,098,403	9,142,028	43,625
State	1,190,522	1,190,522	1,528,887	338,365
Federal	2,000	2,000	-	(2,000)
Investment earnings	30,000	30,000	5,440	(24,560)
Miscellaneous	1,500,000	1,500,000	75,634	(1,424,366)
Amounts available for appropriation	19,630,119	19,630,119	17,910,086	(1,720,033)
Charges to appropriations (outflows):				
Education and general:				
Institutional support	2,788,473	2,788,473	2,707,553	80,920
Instruction	4,087,543	4,087,543	2,780,540	1,307,003
Student services	2,392,091	2,392,091	2,236,965	155,126
Academic support	1,355,272	1,355,272	911,230	444,042
Operation and maintenance	2,112,143	2,112,143	1,737,320	374,823
Scholarships	316,000	316,000	358,416	(42,416)
Capital outlay	-	-	450,130	(450,130)
Debt service	-	-	56,479	(56,479)
Transfers to other funds	2,200,000	2,200,000	1,737,000	463,000
Total charges to appropriations	15,251,522	15,251,522	12,975,633	2,275,889
Budgetary fund balance, end of year	\$ 4,378,597	\$ 4,378,597	\$ 4,934,453	\$ 555,856

The accompanying notes are an integral part of the basic financial statements.

# DODGE CITY COMMUNITY COLLEGE

## BUDGETARY COMPARISON STATEMENT VOCATIONAL EDUCATION FUND

Year ended June 30, 2013

	Budgeted amounts		Actual amounts	Variance with
	Original	Final	(budgetary basis)	final budget
				positive
				(negative)
Budgetary fund balance, beginning of year	\$ 261,603	\$ 261,603	\$ 86,043	\$ (175,560)
Resources (inflows):				
Student fees	300,000	300,000	634,101	334,101
Tuition	505,919	505,919	753,208	247,289
Charges for services	-	-	131,279	131,279
State	1,512,603	1,512,603	1,360,439	(152,164)
Federal	-	-	157,084	157,084
Miscellaneous	1,500,000	1,500,000	2,569	(1,497,431)
Transfers from other funds	2,000,000	2,000,000	1,727,000	(273,000)
Amounts available for appropriation	6,080,125	6,080,125	4,851,723	(1,228,402)
Charges to appropriations (outflows):				
Education and general:				
Institutional support	350,000	350,000	956,479	(606,479)
Instruction	4,725,208	4,725,208	1,985,094	2,740,114
Student services	320,000	320,000	393,775	(73,775)
Academic support	500,000	500,000	261,691	238,309
Operation and maintenance	184,917	184,917	624,825	(439,908)
Capital outlay	-	-	103,888	(103,888)
Debt service	-	-	80,824	(80,824)
Adjustment for qualifying budget credits	157,084	157,084	-	157,084
Total charges to appropriations	6,237,209	6,237,209	4,406,576	1,830,633
Add back adjustment for qualifying budget credits	157,084	157,084	-	(157,084)
Budgetary fund balance, end of year	\$ -	\$ -	\$ 445,147	\$ 445,147

The accompanying notes are an integral part of the basic financial statements.

# DODGE CITY COMMUNITY COLLEGE

## BUDGETARY COMPARISON STATEMENT BUDGET TO GAAP RECONCILIATION

Year ended June 30, 2013

	General fund	Vocational education fund
	<hr/>	<hr/>
Sources/inflows of resources:		
Actual amounts available for appropriation from the budgetary comparison schedule	\$ 17,910,086	\$ 4,851,723
Differences, budget to GAAP:		
The fund balance at the beginning of the year is a budgetary resource, but is not a current-year revenue for financial reporting purposes.	(5,292,846)	(86,043)
Budgetary local taxes include the actual amount of taxes received, GAAP local taxes are adjusted for property taxes receivable and deferred revenue.	(107,071)	-
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	-	(1,727,000)
Budgetary tuition is the actual amount received, GAAP tuition is adjusted for deferred revenue.	-	59,391
	<hr/>	<hr/>
Total revenue as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	<u>\$ 12,510,169</u>	<u>\$ 3,098,071</u>
Uses/outflows of resources:		
Actual amounts of charges to appropriations from the budgetary comparison schedule	\$ 12,975,633	\$ 4,406,576
Differences, budget to GAAP:		
Encumbrances are included as a budgetary outflow.	51,856	-
Transfers to other funds are outflows of budgetary resources, but they are not expenditures for financial reporting purposes.	(1,737,000)	-
	<hr/>	<hr/>
Total expenditures as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	<u>\$ 11,290,489</u>	<u>\$ 4,406,576</u>

The accompanying notes are an integral part of the basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

# **DODGE CITY COMMUNITY COLLEGE**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2013

### **A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Dodge City Community College was incorporated in 1935, under the laws of the State of Kansas and is governed by an elected six-member board of trustees. The College's major operations include post-secondary education and the operation of student housing for its students.

#### **1. Reporting entity**

These financial statements present Dodge City Community College (the primary government) and its component unit, the Dodge City Community College Endowment Association. As defined by GASB Statement No. 14 and clarified by GASB Statement No. 39, component units are legally separate entities that are included in the College's reporting entity because of the significance of their operating or financial relationships with the College. The information of the Association is discretely presented in the government-wide financial statements of the College.

The DCCC Endowment Association is a not-for-profit corporation organized on February 14, 1969, under Section 501(c)(3) of the Internal Revenue Code. As such, it is exempt from federal income taxes and is not a private foundation. The purpose of the DCCC Endowment Association is to provide financial assistance through academic scholarships and to support any educational undertaking of Dodge City Community College. Separate financial statements for the DCCC Endowment Association may be obtained by contacting the business office at the College.

The Association uses a calendar year for financial reporting and during the year ended December 31, 2012, it awarded scholarships in the amount of \$35,977 to individuals attending the college.

#### **2. Basic financial statements - government-wide statements**

The College's basic financial statements include both government-wide (reporting the College as a whole) and fund financial statements (reporting the College's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The College's institutional support, instruction, student services, academic support, operation and maintenance, scholarships and grants, community service, and capital outlay functions are classified as governmental activities. The College's bookstore, food service, student housing and student union operations are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The College's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. Restricted net position includes those restricted for future educational purposes according to the Title III grant contract. The DCCC Endowment Association has donor-restricted net position as part of its endowment for scholarships. The College first utilizes restricted resources to finance qualifying activities.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2. Basic financial statements - government-wide statements (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the College's governmental functions and business-type activities. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the governmental function or business-type activity. Governmental charges for services include student tuition and fees, day care center charges, and sales from vocational education classes. Business-type charges (operating revenue) include book sales, meal sales, housing charges, and student union fees. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. All internal activity has been eliminated.

The net costs (by governmental function or business-type activity) are normally covered by general government revenues such as property taxes, intergovernmental revenues, and interest income.

The College does not allocate indirect costs. The direct costs of General Fund services provided such as finance, personnel, purchasing, legal, technology management, etc. are included in the governmental functions categories.

This government-wide focus is on the sustainability of the College as an entity and the change in the College's net position resulting from the current year's activities.

### 3. Basic financial statements - fund financial statements

The financial transactions of the College are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following types of funds are used by the College:

#### a. Governmental Funds

The focus of the governmental funds' measurement in the fund statements is upon determination of financial position and changes in financial position (sources, uses, and balances of current financial resources) rather than upon net income. The following is a description of the governmental funds of the College.

General fund is the general operating fund of the College. It is used to account for all financial resources except those required to be accounted for in another fund.

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.



A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basic financial statements - fund financial statements (continued)

a. Governmental Funds (continued)

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Permanent funds are used to report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the College's programs.

b. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the College.

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Operating revenues include charges for services, and non-operating revenues include investment income, grants and contributions.

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments or funds of the College on a cost-reimbursement basis.

c. Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support College programs. The reporting focus is on net position and changes in net position.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column in the fund financial statements. GASB Statement No. 34 sets forth the minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The College may electively add funds as major funds. Major governmental funds are the General, Vocational Education and Federal Pell Grant Funds. The major business-type fund is the Student Housing Fund. The College has designated the Bookstore, Food Service and Student Union Operations Funds as major funds.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3. Basic financial statements - fund financial statements (continued)

The College's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the College's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The administrative overhead component of these programs is not eliminated, but is included in direct expenses. To the extent possible, the cost of these services is reported in the appropriate governmental functional activity (institutional support, instruction, student services, etc.). Internal service funds provide supplies through the Central Stores Fund and medical insurance through the Medical Benefit Plan Fund.

The College's fiduciary funds are presented in the fiduciary fund financial statements by type: pension, investment and private purpose trust funds and agency funds. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Agency funds are the Nursing Loan Fund, the Flexible Spending Account Fund, and the Activity Accounts Fund.

### 4. Measurement focus and basis of accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

#### **Measurement Focus**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4. Measurement focus and basis of accounting (continued)

#### **Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The College considers revenues to be available if they are expected to be collected within 60 days of the end of the year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

### 5. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year-end, except for the portion related to encumbered amounts. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.

### 6. Budgetary control

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of budget for the succeeding fiscal year on or before August 1<sup>st</sup>.
- b. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
- d. Adoption of final budget on or before August 25<sup>th</sup>.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6. Budgetary control (continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for the General Fund and major special revenue fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting. Revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for state and federal grant funds, donation funds, reserve funds, capital projects funds, permanent funds, agency funds and the following special revenue funds:

- DCCC Child Development Center
- Divisional Scholarship
- Financial Aid
- Special Revenue Activity Accounts

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

### 7. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERs) which is a cost-sharing multiple-employer state-wide pension plan. The State of Kansas pays the College's share of pension costs; such costs to be funded are determined annually by the system's actuary.

Dodge City Community College has established a defined contribution pension plan for all eligible employees. The College's policy is to fund all pension costs accrued; such costs to be funded are determined annually.

### 8. Section 125 plan

The College offers a Section 125 flexible benefit plan to employees electing to participate. It is used for health insurance premiums, other medical costs and child care costs. The plan is administered by the health insurance provider.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 9. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### 10. Financial statement amounts

#### a. Pooled cash

To facilitate better management of the College's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash amount. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are distributed to the appropriate funds based on the average monthly balance of cash and temporary investments included in the combined pool of cash and temporary investments.

#### b. Investments and restricted cash

Restricted cash is for the payment of medical insurance claims, and for compliance with the Title III grant contract. Investments of the College consist of certificates of deposit and the Kansas Municipal Investment Pool. Investments of the DCCC Endowment Association, a component unit, consist of mutual funds, corporate bonds and asset and mortgage-backed securities. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values (quoted market price or the best available estimate) in the statement of net position. Unrealized gains and losses are included in the change in net position.

#### c. Cash and cash equivalents

The College has defined cash and cash equivalents to include cash on hand, demand deposits, and all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased.

#### d. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include accounts receivable for tuition and fees, and due from other governments for grant funding. Business-type activities report accounts receivable for student housing charges.

The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk allocates the annual assessment to the taxing units. Taxes are levied by November 1, and a lien for all taxes attaches on that same date until the taxes are paid. One-half of the property taxes is due December 20 and distributed by January 20 and the second half is due May 10 and distributed by June 5. A portion of the taxes distributed to the College have been deferred as those amounts are not available to finance the current year operations. Also, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the College. Accruals of uncollected current year property taxes have been deferred and are not reflected in revenue.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Financial statement amounts (continued)

d. Receivables (continued)

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relation to the financial statements taken as a whole.

In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue.

e. Inventories

Inventories in the Central Stores Fund consist of expendable supplies held for the College's use and are carried at cost using the average cost method. Bookstore inventories consist of new and used books and soft goods, and are carried at most recent cost.

f. Capital assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10-40 years
Furniture and equipment	5-10 years
Infrastructure	10-50 years

g. Compensated absences

The College's vacation policy permits employees to accumulate vacation at rates based on length of employment, which range from five days per year to twenty-two days per year. The current costs of vacation pay are recorded in the applicable fund. Faculty members who retire and are eligible for KPERS are paid for unused sick leave at a rate of \$25 per day up to sixty days.

h. Early retirement

Full-time employees may voluntarily elect to retire early. Qualifying employees must have at least 15 years of service with the College, must meet the KPERS Early Retirement Qualification of 85 points (years of experience plus age), and must not be more than 64 years of age. The annual rate of retirement compensation is twelve percent of the last annual salary. Benefits end after five years or when the retiree reaches age 65, whichever occurs first. The net present value of this obligation is included in the government-wide financial statements. The discount rate is four percent.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 10. Financial statement amounts (continued)

#### i. Deferred outflows of resources

In addition to assets, the statement of position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

#### j. Deferred inflows of resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to the future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has nonexchange revenue transactions where a receivable has been recorded because property taxes were levied, but the resources cannot be used until a future period.

#### k. Other post employment benefits

As provided by K.S.A. 12-5040, the College allows retirees to participate in the group health insurance plan. Plan members retiring with at least 15 years service have a portion of their blended premium paid by the College until age 65. Otherwise, retirees must pay the full blended premium to maintain coverage. Coverage is available for life. Spouses of deceased retirees may continue coverage up to 3 additional years by paying the Cobra rate.

#### l. Government-wide and proprietary fund net position

Government-wide and proprietary fund net position are divided into three components:

1. Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
2. Restricted net position – consist of net position that is restricted by creditors, by state enabling legislation, by grantors, and by other contributors. Net position restricted for future educational purpose was created to comply with the terms of the Title III grant contract. During the first five years all contributions and earnings become corpus. During years six through twenty, half of the earnings may be used for college operations. After twenty years, corpus and earnings may be used for any educational purpose.
3. Unrestricted net position – all other net position is reported under this category.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 10. Financial statement amounts (continued)

#### m. Governmental fund balances

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted – Amounts that can be spent only for specific purposes because of College resolutions, state or federal laws, or externally imposed conditions by grantors and creditors.
3. Committed – Amounts that can be used only for specific purposes determined by a formal action by College Board of Trustee resolution.
4. Assigned – Amounts that are designated by the Board of Trustees or management for a particular purpose but are not spendable until there is formal approval.
5. Unassigned – All amounts not included in other spendable classifications.

#### n. Interfund activity

Interfund activity is reported as loans, reimbursements or transfers. Loans are reported as interfund receivables and payables and are subject to elimination upon consolidation. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. The purpose of these transfers is to provide operating resources to the recipient fund.

## B. COMPLIANCE WITH KANSAS STATUTES

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration to the Director of Accounts and Reports, Kansas Department of Administration, and for interpretation by the legal representatives of the College.

The budget law provided by K.S.A. 79-2935 prohibits the expenditure of funds in excess of that allowed by the budget. Budgeted and actual expenditures for the year ended June 30, 2013 are as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 15,251,522	\$ 12,975,632	\$ 2,275,890
Vocational Education	6,080,125	4,249,492	1,830,633
Adult Supplementary Education	95,423	8,382	87,041
Adult Education	258,728	192,342	66,386
Capital Outlay	1,000,000	732,084	267,916
Bookstore	1,000,000	674,265	325,735
Food Service	689,000	573,812	115,188
Student Housing	1,200,000	769,688	430,312
Student Union Operations	200,000	67,372	132,628



## C. DEPOSITS AND INVESTMENTS

*Policies.* Board of Trustee policy on deposits requires the Board to designate by resolution the name and location of each bank approved as an official College depository and the maximum amount which may be deposited at each bank. All deposits in any bank must have one hundred percent secured pledging for each account. The policy on investments directs that funds be invested in accordance with the statutes of the State of Kansas.

K.S.A. 9-1401 establishes the depositories which may be used by the College. The statute requires banks eligible to hold the College's funds to have a main or branch bank in the county in which the College is located, or in an adjoining county if such institution has been designated as an official depository, and the banks to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the College's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

K.S.A. 12-1675 limits the College's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. State statutes place no limit on the amount the College may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The College has no investment policy that would further limit its investment choices.

*Custodial credit risk - deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. At year-end the carrying amount of the College's deposits, including certificates of deposit, was \$5,698,040. The bank balance was \$6,725,211. Of the bank balance, \$1,175,902 was covered by FDIC insurance, and \$5,549,309 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the College's name.

*Investments.* As of June 30, 2013, the College had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Fidelity Treasury Fund	\$ 71,061	(See below)	AAAm
Kansas Municipal Investment Pool	<u>10,450,185</u>	(See below)	AAAf/S1+
	<u>\$10,521,246</u>		

Fidelity Treasury Funds are money market funds distributed by Fidelity Investments and managed by Fidelity Management & Research Company. At June 30, 2013, the College had invested \$71,061 in bond proceeds in Fidelity Institutional Money Market shares. The portfolio invests in U.S. Treasury securities, and repurchase agreements for those securities.

At June 30, 2013, the College had invested \$10,521,246 in the State's Municipal Investment Pool. The Municipal Investment Pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. Separately issued financial statements of the Municipal Investment Pool may be obtained from the Pooled Money Investment Board, 900 S.W. Jackson, Suite 209, Topeka, Kansas 66612-1220.

### C. DEPOSITS AND INVESTMENTS (CONTINUED)

*Credit quality risk.* Investment quality ratings given above are per Standard & Poor's, and they are as of June 30, 2013.

*Concentration of credit risk.* Investment types and percents at cost are as follows: Fidelity Treasury Fund 1% and Kansas Municipal Investment Pool 99%.

*Interest Rate Risk.* The College's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### D. INVESTMENTS – DCCC ENDOWMENT ASSOCIATION

The DCCC Endowment Association is not limited as to the types of investments it may have. Investments of the Association are held in its own name, and are carried at fair value. Investments are listed below by type as of December 31, 2012:

Mutual funds	\$ 919,149
Asset and mortgage backed securities	<u>122,775</u>
	<u>\$ 1,041,924</u>
Investments at cost	\$ 1,016,765
Unrealized depreciation	<u>25,159</u>
Investments at fair value	<u>\$ 1,041,924</u>

### E. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2013 consist of the following:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Tuition receivable	\$ 93,777	\$ -	\$ 93,777
Fees receivable	182,647	-	182,647
Housing charges receivable	-	119,367	119,367
Allowance for doubtful accounts	<u>(185,061)</u>	<u>(100,981)</u>	<u>(286,042)</u>
Net receivables	<u>\$ 91,363</u>	<u>\$ 18,386</u>	<u>\$ 109,749</u>

### F. CAPITAL ASSETS

Financial Accounting Standards Board (FASB) Statement No. 34 (Capitalization of Interest Costs) requires that interest expenditures incurred during construction of assets be capitalized. FAS-62 (Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants) concludes that constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceeds interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing. During 2013 interest costs capitalized as a cost of construction totaled \$56,374.

## F. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2013 was as follows:

	Primary government			
	Beginning balance	Increases	Decreases	Ending balance
Governmental activities:				
Land	\$ 190,988	\$ -	\$ -	\$ 190,988
Buildings and improvements	11,989,505	2,264,626	520,246	13,733,885
Furniture and equipment	6,733,961	1,007,366	478,294	7,263,033
Infrastructure	241,758	-	-	241,758
Construction in progress	1,509,692	1,838,872	2,407,866	940,698
Total capital assets at historical cost	20,665,904	5,110,864	3,406,406	22,370,362
Less accumulated depreciation for:				
Buildings and improvements	6,328,051	500,088	479,330	6,348,809
Furniture and equipment	4,560,274	582,834	481,567	4,661,541
Infrastructure	209,395	3,224	-	212,619
Total accumulated depreciation	11,097,720	1,086,146	960,897	11,222,969
Governmental activities capital assets, net	<u>\$ 9,568,184</u>	<u>\$ 4,024,718</u>	<u>\$ 2,445,509</u>	<u>\$ 11,147,393</u>
Business-type activities:				
Buildings and improvements	\$ 2,561,605	\$ 5,827,524	\$ 81,699	\$ 8,307,430
Furniture and equipment	339,989	152,493	33,890	458,592
Construction in progress	5,825,937	312,672	5,827,524	311,085
Total capital assets at historical cost	8,727,531	6,292,689	5,943,113	9,077,107
Less accumulated depreciation for:				
Buildings and improvements	1,900,535	194,914	74,012	2,021,437
Furniture and equipment	270,112	29,363	25,346	274,129
Total accumulated depreciation	2,170,647	224,277	99,358	2,295,566
Business-type activities capital assets, net	<u>\$ 6,556,884</u>	<u>\$ 6,068,412</u>	<u>\$ 5,843,755</u>	<u>\$ 6,781,541</u>
Depreciation expense was charged to functions as follows:				
Governmental activities:				
Institutional support				\$ 74,462
Instruction				629,372
Student services				236,174
Academic support				30,211
Operations and maintenance				92,776
Community service				19,927
Indirect depreciation				3,224
Total governmental activities				<u>\$ 1,086,146</u>
Business-type activities:				
Bookstore				\$ -
Food service				7,278
Student housing				216,999
Total business-type activities				<u>\$ 224,277</u>

## G. LONG-TERM LIABILITIES

The College's long-term liabilities are segregated between amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

### Governmental activities

As of June 30, 2013, the governmental long-term liabilities of the College consisted of the following:

#### Capital leases:

• A ten-year \$510,000 lease purchase entered into on March 1, 2006, for the purchase of equipment for the science building. The interest rates are 3.4 to 3.9 percent. The obligation is secured by the equipment.	\$ 175,000
• A three-year \$49,504 lease purchase entered into on October 21, 2010 for the purchase of two 2010 Ford Econoline Vans. The interest rate is zero percent. The obligation is secured by the vehicles.	4,125
• A three-year \$90,317 lease purchase entered into on June 25, 2012 for the purchase of Student Union Furniture and Cubicles. The interest rate is 7.50%. The obligation is secured by the equipment.	62,920
• A two-year \$98,791 lease purchase entered into on April 21, 2012 for the purchase of Computer Hardware. The interest rate is 3.60%. The obligation is secured by the equipment.	31,204
• A ten-year \$520,000 lease purchase entered into on March 1, 2012 for the purchase of Student Union Equipment. The interest rate is 0.50% to 2.25%. The obligation is secured by the equipment.	470,000
• A three-year \$28,857 lease purchase entered into on January 14, 2013 for the purchase of a 2013 GMC 2500 Van. The interest rate is 5.50% percent. The obligation is secured by the vehicle.	24,395
• A twelve-year \$1,360,000 lease purchase entered into on April 15, 2013 for the purchase of Football Field, Bus, Dining Tables & Chairs. The interest rate is 1.833%. The obligation is secured by the equipment.	<u>1,360,000</u>
	<u>\$ 2,127,644</u>
Current portion	\$ 290,832
Noncurrent portion	<u>1,836,812</u>
Total capital leases	<u>\$ 2,127,644</u>

Interest expense for the fiscal year was \$24,596. Assets recorded under capital leases were \$1,484,059, and corresponding accumulated depreciation at June 30, 2013 was \$286,091. Construction in progress recorded under capitalized lease was \$903,841.

## G. LONG-TERM LIABILITIES (CONTINUED)

### Notes payable:

Notes payable were issued on March 26, 2008 not to exceed \$839,814 at a zero percent interest rate and the maturity date is December 1, 2014 to finance infrastructure improvement projects. The principal balance at June 30, 2013 is \$301,649.

Notes payable were issued on March 25, 2009 not to exceed \$276,841 at a zero percent interest rate and the maturity date is December 1, 2016 to finance infrastructure improvement projects. The principal balance at June 30, 2013 is \$138,420.

### General obligations bonds:

General obligation bonds for building and campus improvements were issued June 15, 2010 in the original amount of \$1,275,000. Interest rates are 1.00% to 1.75% and the maturity date is June 15, 2015. The principal balance at June 30, 2013 is \$520,000.

General obligation capital outlay bonds for building improvements were issued June 28, 2011 in the original amount of \$1,185,000. Interest rates are 0.50% to 1.20% and the maturity date is April 1, 2015. The principal balance at June 30, 2013 is \$595,000.

### Business-type activities

As of June 30, 2013, the business-type long-term liabilities of the College consisted of the following:

#### Revenue bonds:

Revenue bonds for student union and dormitory system improvements were issued August 15, 2010 in the original amount of \$5,060,000. Interest rates are 3.25% to 5.375% and the maturity date is April 1, 2035. The principal balance at June 30, 2013 is \$4,720,000.

Revenue bonds for student union and dormitory system improvements were issued March 14, 2013 in the original amount of \$6,270,000. Interest rates are 1.00% to 4.00% and the maturity date is April 15, 2039. The principal balance at June 30, 2013 is \$6,270,000.

The following is a summary of changes in long-term liabilities for the year ended June 30, 2013:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Governmental activities:				
Capital lease obligations	\$ 963,556	\$ 1,388,857	\$ 224,769	\$ 2,127,644
Notes payable	474,674	-	34,605	440,069
General obligation bonds	1,665,000	-	550,000	1,115,000
Compensated absences payable	202,430	8,748	-	211,178
Early retirement payable	27,768	13,076	-	40,844
	<u>3,333,428</u>	<u>1,410,681</u>	<u>809,374</u>	<u>3,934,735</u>
Business-type activities:				
Revenue bonds	<u>4,850,000</u>	<u>6,270,000</u>	<u>130,000</u>	<u>10,990,000</u>
	<u>\$ 8,183,428</u>	<u>\$ 7,680,681</u>	<u>\$ 939,374</u>	<u>\$ 14,924,735</u>

G. LONG-TERM LIABILITIES (CONTINUED)

Payments on the vehicle leases are made from the General Fund. The science building lease is paid from the Vocational Education and Capital Outlay Funds. The note payable is being paid from the Capital Outlay Fund. Compensated absences are paid from the General and Vocational Education Funds and early retirement from the General Fund. The dormitory revenue bonds are paid from the Student Housing Fund.

Annual debt service requirements to maturity for capital leases follow:

Governmental activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2014	\$ 290,832	\$ 39,222	\$ 330,054
2015	256,539	36,482	293,021
2016	220,273	30,324	250,597
2017	155,000	25,822	180,822
2018	160,000	23,497	183,497
2019-2023	795,000	74,942	869,942
2024-2025	<u>250,000</u>	<u>8,812</u>	<u>258,812</u>
Total	<u>\$2,127,644</u>	<u>\$ 239,101</u>	<u>\$2,366,745</u>

For purposes of comparing actual expenditures to budget, only the amounts actually due in the current period are included in accordance with K.S.A. 10-1116b.

Annual debt service requirements to maturity for notes payable follow:

Governmental activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2014	\$ 142,951	\$ -	\$ 142,951
2015	143,221	-	143,221
2016	119,292	-	119,292
2017	<u>34,605</u>	<u>-</u>	<u>34,605</u>
Total	<u>\$ 440,069</u>	<u>\$ -</u>	<u>\$ 440,069</u>

Annual debt service requirements to maturity for general obligation bonds follow:

Governmental activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2014	\$ 555,000	\$ 15,000	\$ 570,000
2015	<u>560,000</u>	<u>8,150</u>	<u>568,150</u>
Total	<u>\$1,115,000</u>	<u>\$ 23,150</u>	<u>\$1,138,150</u>

## G. LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for revenue bonds follow:

### Business-type activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2014	\$ 135,000	\$ 439,724	\$ 574,724
2015	320,000	425,910	745,910
2016	325,000	419,911	744,911
2017	335,000	412,860	747,860
2018	340,000	404,560	744,560
2019-2023	1,865,000	1,856,656	3,721,656
2024-2028	2,230,000	1,486,282	3,716,282
2029-2033	2,760,000	964,473	3,724,473
2034-2038	2,310,000	329,657	2,639,657
2039	<u>370,000</u>	<u>14,800</u>	<u>384,800</u>
Total	<u>\$10,990,000</u>	<u>\$6,754,833</u>	<u>\$17,744,833</u>

### Student union and dormitory revenue bond disclosures

Statement of revenue, expenditures, and changes in net position of the student housing fund is on page twenty one.

Balance sheet of student housing is on page twenty.

The number of student housing users at the first and last day of classes during the fiscal year was 213 and 217 respectively.

Insurance is carried on all dormitory buildings in the amount of \$10,650,927 with EMC Insurance Companies. The policy renews on May 1, 2013. The dormitory buildings are part of the College's blanket policy. Premiums paid for the blanket policy was \$83,380. The approximate premium for the dormitory buildings is \$19,538.

Rate covenants set forth in Section 802 of the bond resolution require a debt service coverage ratio of not less than 125%. Debt service payments were 71% of net income, which is less than the required debt service coverage ratio.

The issuer complied with the arbitrage rebate covenants as set forth in the federal tax certificate.

The issuer complied with the continuing disclosure covenants set forth in Section 1301.

## H. OPERATING LEASES

The College is obligated under certain leases accounted for as operating leases for the rental of copy machines, a postage machine, communication equipment, vehicles and building. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected as capital assets. Rental expenditures during the year for these operating leases were \$92,092. Future minimum rental payments required under operating leases that have an initial lease term in excess of one year as of June 30, 2013, are \$90,120 and \$16,298 due in fiscal years ending June 30, 2014 and 2015, respectively.

## I. INTERFUND TRANSFERS

The following is a summary of operating transfers made during the year:

<u>Transfer from</u>		<u>Transfer to</u>
General	\$ 1,737,000	Vocational Education
General	10,000	Central Stores
Federal SEOG Grants	<u>3,934</u>	Federal Work Study Grants
	<u>\$ 1,740,934</u>	

## J. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances are used when one fund has an obligation to transfer funds to another. The following is a summary of interfund receivables and payables at June 30, 2013:

<u>Amount</u>	<u>Due to</u>	<u>Due from</u>
\$ 5,647	General Fund	RSVP Grants
3,461	General Fund	Home Food Program
10,080	General Fund	NIH Kansas Bridges
<u>45,582</u>	General Fund	Technical Retraining
		Achieve Credentials
<u>\$ 64,770</u>		

The General Fund made advances to grant funds that operate on a reimbursement basis that will be repaid when the reimbursement is received.

## K. DEFINED BENEFIT PENSION PLAN

*Plan description.* Dodge City Community College participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603-3803) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% for Tier 1 employees (generally active members prior to July 1, 2009) and 6% for Tier 2 (generally active members after July 1, 2009). The employer collects and remits member-employees contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The State of Kansas contributes 10.37% of covered payroll for the period July 1, 2012 through June 30, 2013. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2013, 2012, and 2011 were \$323,067,803, \$298,635,383, and \$253,834,044, respectively, equal to the required contributions for each year.



#### L. DEFINED CONTRIBUTION PLAN

The employees of the College may participate in the Dodge City Community College Defined Contribution Retirement Plan adopted under the provisions of Internal Revenue Code Section 403(b). Employees become eligible after one year of service.

The defined contribution plan is administered by Dodge City Community College and is available to all eligible employees of the College. Under the plan, employees may elect to contribute a whole dollar amount out of their salaries with the employer matching 75% of the contribution up to \$1,020 per year and avoid paying taxes on the contributed portion until the withdrawal date. All eligible employees are immediately vested. The defined contribution amount is available for withdrawal by employees upon termination, retirement, death, or unforeseeable emergency. For the year ended June 30, 2013, the College made total contributions of \$59,795 and the employees contributed \$114,007 to the defined contribution plan.

#### M. VOLUNTARY EARLY RETIREMENT PLAN

Full-time employees may voluntarily elect to retire early. Qualifying employees must have at least 15 years of service with the College, must meet the KPERS Early Retirement Qualification of 85 points (years of experience plus age), and must not be more than 64 years of age. The annual rate of retirement compensation is twelve percent of the last annual salary. Benefits will end after five years or when the retiree reaches age 65, whichever occurs first.

The future commitment for the voluntary early retirement plan is as follows:

<u>Year</u>	
2014	\$ 25,800
2015	<u>16,584</u>
	42,384
Discount to present value	<u>(1,540)</u>
Net present value	<u>\$ 40,844</u>

#### N. RISK MANAGEMENT

##### Risk management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The College purchases commercial insurance to cover property, liability and worker's compensation claims. There have been no significant reductions in coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The College has a medical self-insurance program to finance its uninsured risks of loss for medical insurance claims of College employees and their covered dependents, and to minimize the total costs of annual insurance to the College.

## N. RISK MANAGEMENT (CONTINUED)

### Medical self-insurance

The College currently reports all of its medical self-insurance activities in the Medical Benefit Plan Fund. The self-insurance program is handled by an outside administrator who determines claims to be paid by the College. A stop loss insurance policy is purchased by the College to cover claims above \$35,000 per employee. Liability for unpaid claims is estimated based upon fiscal year claims paid after year-end. Changes in the claims liability for the current and prior fiscal years have been as follows:

	<u>Beginning of year liability</u>	<u>Claims and changes in estimates</u>	<u>Claim payments</u>	<u>End of year liability</u>
FY 2012	106,690	1,426,805	1,575,427	(41,932)
FY 2013	(41,932)	1,712,000	1,618,765	51,303

## O. GOVERNMENTAL FUND BALANCES

	<u>General fund</u>	<u>Major Special revenue funds</u>		<u>Capital project fund</u>	<u>Permanent fund</u>	
		<u>Vocational Education</u>	<u>Federal Pell Grants</u>	<u>GO Bonds</u>	<u>Academic Improvement</u>	<u>Other funds</u>
Fund balances:						
Non-spendable:						
Permanent fund principal	\$ -	\$ -	\$ -	\$ -	\$ 57,758	\$ -
Restricted for:						
Institutional support grants	-	-	-	-	-	156
Instruction grants	-	-	-	-	-	11,560
Student services grants	-	-	-	-	-	10,655
Community service grants	-	-	-	-	-	1,878
Construction	-	-	-	105,275	-	-
Scholarships and student grants	-	-	-	-	-	43,274
Assigned to:						
Vocational education	-	445,147	-	-	-	-
Adult education	-	-	-	-	-	188,759
Child care	-	-	-	-	-	53,884
Designated for subsequent years expenditure	2,336,211	-	-	-	-	-
Other capital expenditures	-	-	-	-	-	213,240
Other purposes	-	-	-	-	-	123,529
Unassigned	-	-	-	-	-	-
Total	<u>\$ 2,336,211</u>	<u>\$ 445,147</u>	<u>\$ -</u>	<u>\$ 105,275</u>	<u>\$ 57,758</u>	<u>\$ 646,935</u>

## P. CONTINGENCIES

The College receives significant financial assistance from numerous Federal and State governmental agencies in the form of grants and State pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the College at June 30, 2013.

## Q. POSTEMPLOYMENT HEALTHCARE PLAN

*Plan Description:* The Dodge City Community College Medical Benefit Plan is a single-employer defined benefit healthcare plan administered by the College. The College sponsors medical, prescription drug and dental insurance to qualifying retirees and their dependents. Coverage is provided through self-insurance with stop-loss coverage. Qualifying retirees are those employees who retire with immediate benefits under the Kansas Public Employees Retirement System. The College does not issue separate financial statements for the Medical Benefit Plan.

*Funding Policy:* The contribution requirements of the plan members and the College are established and may be amended by the College. Plan members retiring with at least 15 years service have a portion of their blended premium paid by the College until age 65. Otherwise, retirees must pay the full blended premium to maintain coverage. Coverage is available for life. Spouses of deceased retirees may continue coverage up to 3 additional years by paying the Cobra rate. The employer contribution is paid from general operating assets of the College.

*Annual OPEB and Net OPEB Obligation:* The College's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Colleges annual OPEB cost for the year, the amount actually contributed to the plan, and the College's net OPEB obligation:

Annual required contribution	\$ 739,698
Interest on net OPEB obligation	44,245
Adjustment to annual required contribution	<u>(55,129)</u>
Annual OPEB Cost (expense)	728,814
Contributions made	<u>(96,000)</u>
Increase in net OPEB obligation	632,814
Net OPEB obligation - beginning of year	<u>1,264,151</u>
Net OPEB obligation - end of year	<u>\$ 1,896,965</u>

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/12	\$ 734,596	8.60%	\$1,264,151
6/30/13	\$ 728,814	13.18%	\$1,896,965

*Funded Status and Funding Progress:* The funded status of the plan as of July 1, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 4,889,274
Actuarial value of assets	-
Unfunded actuarial accrued liability (UAAL)	4,889,274
Funded ratio (actuarial value of plan assets/AAL)	-
Coverage payroll (active plan members)	6,462,364
UAAL as a percentage of covered payroll	75.7%

#### Q. POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

*Actuarial Methods and Assumptions:* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after 7 years. Benefits are paid from general operating assets of the College. This arrangement does not qualify as an "OPEB Plan" under GASB requirements and thus these assets may not be reported as an offset to GASB liabilities. The unfunded actuarial accrued liability is being amortized as a level percent-of-pay on an open-basis period. The remaining amortization period at July 1, 2011 was 30 years.

#### R. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	<u>Project authorization</u>	<u>Expenditures to date</u>	<u>Remaining commitment</u>
Practice Football Field	\$ 948,392	\$ 903,841	\$ 44,551
Men's Dormitory Building	5,363,243	311,085	5,052,158

#### S. SUBSEQUENT EVENTS

Subsequent events were evaluated through October 25, 2013, which is the date the financial statements were available to be issued. On September 24, 2013, the College approved a resolution determining its intent to utilize an Activity Center on the college campus and to negotiate and enter into a lease agreement with the Dodge City Community College Foundation, a component unit of the College. The Foundation will construct the facility and issue bonds at a cost not to exceed \$9,400,000. The College will be the only tenant and the lease payment will be used to retire the bonds.

#### T. CHANGE IN ACCOUNTING PRINCIPLE

During the year, the County adopted GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities*. The objective of this statement is to establish standards that reclassify certain items that were previously reported as assets and liabilities and instead report them as deferred inflows of resources, deferred outflows of resources, or as outflows of resources. As a result of implementing this statement, the following assets and liabilities have been reclassified:

<u>Item</u>	<u>New Classification</u>	<u>Amount</u>
Bond issuance discount (previously reported as an asset)	Deferred outflow of resources	\$46,321
Property tax billed, but levied for the next year's budget (previously reported as a liability)	Deferred inflow of resources	2,984,076
Bond issuance costs (the unamortized portion was previously reported as an asset)	Outflow of resources	146,673

#### U. SEGMENT INFORMATION

The College has four enterprise funds. The Bookstore Fund operates the College bookstore. The Food Service Fund provides the food service program for eligible students and also for special events. The Student Housing Fund operates the five dormitories available for students. The Student Union Operations Fund operates the student government office. Financial information for each enterprise fund is presented in the Statement of Net Position, the Statement of Revenue, Expenses and Changes in Fund Net Position, and the Statement of Cash Flows for proprietary funds.

## **SUPPLEMENTARY INFORMATION**

## **COMBINING FINANCIAL STATEMENTS**

# DODGE CITY COMMUNITY COLLEGE

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013

	Nonmajor special revenue funds	Capital project funds	Permanent fund <u>Academic improvement</u>	Total nonmajor governmental funds
<u>ASSETS</u>				
Cash	\$ 820,467	\$ -	\$ -	\$ 820,467
Property taxes receivable	13,217	-	-	13,217
Due from other governments	106,185	-	-	106,185
Restricted cash	-	105,275	57,758	163,033
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 939,869</u>	<u>\$ 105,275</u>	<u>\$ 57,758</u>	<u>\$ 1,102,902</u>
<u>LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>				
Liabilities:				
Due to other funds	\$ 64,770	\$ -	\$ -	\$ 64,770
Accounts payable	42,895	-	-	42,895
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>107,665</u>	<u>-</u>	<u>-</u>	<u>107,665</u>
Deferred inflows of resources:				
Property taxes	185,269	-	-	185,269
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances:				
Nonspendable	-	-	57,758	57,758
Restricted	67,523	105,275	-	172,798
Assigned	579,412	-	-	579,412
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>646,935</u>	<u>105,275</u>	<u>57,758</u>	<u>809,968</u>
Total liabilities, deferred inflows of resources and fund balances				
	<u>\$ 939,869</u>	<u>\$ 105,275</u>	<u>\$ 57,758</u>	<u>\$ 1,102,902</u>



# DODGE CITY COMMUNITY COLLEGE

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

June 30, 2013

	Adult supplementary education	Adult basic education	Capital outlay	Adult basic education United Way
<u>ASSETS</u>				
Cash	\$ 16,931	\$ 156,875	\$ 385,292	\$ 15,070
Property taxes receivable	-	-	13,217	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 16,931</u>	<u>\$ 156,875</u>	<u>\$ 398,509</u>	<u>\$ 15,070</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	117	-	-
Total liabilities	-	117	-	-
Deferred inflows of resources:				
Property taxes	-	-	185,269	-
Fund balances:				
Restricted	-	-	-	-
Assigned	16,931	156,758	213,240	15,070
Total fund balances	16,931	156,758	213,240	15,070
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,931</u>	<u>\$ 156,875</u>	<u>\$ 398,509</u>	<u>\$ 15,070</u>

<u>DCCC child development center</u>	<u>Memorial endowed scholarship</u>	<u>DCCC scholarship award program</u>	<u>Divisional scholarship</u>	<u>Financial aid administration</u>
\$ 57,281	\$ -	\$ 18,017	\$ 23,918	\$ 3,435
-	-	-	-	-
-	-	-	-	-
<u>\$ 57,281</u>	<u>\$ -</u>	<u>\$ 18,017</u>	<u>\$ 23,918</u>	<u>\$ 3,435</u>
\$ -	\$ -	\$ -	\$ -	\$ -
3,397	-	-	-	-
<u>3,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	18,017	23,918	-
53,884	-	-	-	3,435
<u>53,884</u>	<u>-</u>	<u>18,017</u>	<u>23,918</u>	<u>3,435</u>
<u>\$ 57,281</u>	<u>\$ -</u>	<u>\$ 18,017</u>	<u>\$ 23,918</u>	<u>\$ 3,435</u>

# DODGE CITY COMMUNITY COLLEGE

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED)

June 30, 2013

	Special revenue activity accounts	RSVP grants	RSVP reserve	Home food program
<u>ASSETS</u>				
Cash	\$ 74,877	\$ -	\$ 2,671	\$ -
Property taxes receivable	-	-	-	-
Due from other governments	-	5,903	-	32,778
	<u>-</u>	<u>5,903</u>	<u>-</u>	<u>32,778</u>
Total assets	<u>\$ 74,877</u>	<u>\$ 5,903</u>	<u>\$ 2,671</u>	<u>\$ 32,778</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$ -	\$ 5,647	\$ -	\$ 3,461
Accounts payable	-	100	-	27,439
	<u>-</u>	<u>100</u>	<u>-</u>	<u>27,439</u>
Total liabilities	<u>-</u>	<u>5,747</u>	<u>-</u>	<u>30,900</u>
Deferred inflows of resources:				
Property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	-	156	-	1,878
Assigned	74,877	-	2,671	-
	<u>74,877</u>	<u>-</u>	<u>2,671</u>	<u>-</u>
Total fund balances	<u>74,877</u>	<u>156</u>	<u>2,671</u>	<u>1,878</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 74,877</u>	<u>\$ 5,903</u>	<u>\$ 2,671</u>	<u>\$ 32,778</u>

DCCC foundation capital campaign	Home food program reserve	Nursing initiative grants	NIH Kansas bridges grants	Federal family educational loan
\$ 39,766	\$ 2,780	\$ 5,396	\$ -	\$ 1,339
-	-	-	-	-
-	-	-	10,080	-
<u>\$ 39,766</u>	<u>\$ 2,780</u>	<u>\$ 5,396</u>	<u>\$ 10,080</u>	<u>\$ 1,339</u>
\$ -	\$ -	\$ -	\$ 10,080	\$ -
-	-	-	-	-
-	-	-	10,080	-
-	-	-	-	-
-	-	5,396	-	1,339
39,766	2,780	-	-	-
39,766	2,780	5,396	-	1,339
<u>\$ 39,766</u>	<u>\$ 2,780</u>	<u>\$ 5,396</u>	<u>\$ 10,080</u>	<u>\$ 1,339</u>

# DODGE CITY COMMUNITY COLLEGE

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED)

June 30, 2013

	Student support services	Accelerating opportunity Kansas grant	Technical retraining to achieve credentials
	<hr/>	<hr/>	<hr/>
<u>ASSETS</u>			
Cash	\$ -	\$ 10,655	\$ -
Property taxes receivable	-	-	-
Due from other governments	11,842	-	45,582
	<hr/>	<hr/>	<hr/>
Total assets	\$ 11,842	\$ 10,655	\$ 45,582
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Due to other funds	\$ -	\$ -	\$ 45,582
Accounts payable	11,842	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	11,842	-	45,582
	<hr/>	<hr/>	<hr/>
Deferred inflows of resources:			
Property taxes	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balances:			
Restricted	-	10,655	-
Assigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	-	10,655	-
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	\$ 11,842	\$ 10,655	\$ 45,582
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Path to public health grant	High school equivalency program grant	Innovative tech grant	Total nonmajor special revenue funds
\$ -	\$ 6,164	\$ -	\$ 820,467
-	-	-	13,217
-	-	-	106,185
<u>\$ -</u>	<u>\$ 6,164</u>	<u>\$ -</u>	<u>\$ 939,869</u>

\$ -	\$ -	\$ -	\$ 64,770
-	-	-	42,895
<u>-</u>	<u>-</u>	<u>-</u>	<u>107,665</u>
-	-	-	185,269
<u>-</u>	<u>6,164</u>	<u>-</u>	<u>67,523</u>
-	-	-	579,412
<u>-</u>	<u>6,164</u>	<u>-</u>	<u>646,935</u>
<u>\$ -</u>	<u>\$ 6,164</u>	<u>\$ -</u>	<u>\$ 939,869</u>

**DODGE CITY COMMUNITY COLLEGE**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS**

June 30, 2013

	Capital outlay GO bond remodeling	Certificates of participation	Total nonmajor capital projects funds
<u>ASSETS</u>			
Restricted cash	\$ 7,396	\$ 97,879	\$ 105,275
Total assets	<u>\$ 7,396</u>	<u>\$ 97,879</u>	<u>\$ 105,275</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities	\$ -	\$ -	\$ -
Fund balances:			
Restricted	<u>7,396</u>	<u>97,879</u>	<u>105,275</u>
Total liabilities and fund	<u>\$ 7,396</u>	<u>\$ 97,879</u>	<u>\$ 105,275</u>

# DODGE CITY COMMUNITY COLLEGE

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2013

	Nonmajor special revenue funds	Capital project funds	Permanent fund Academic improvement	Total nonmajor governmental funds
Revenue:				
Student fees	\$ 500,000	\$ -	\$ -	\$ 500,000
Tuition	4,290	-	-	4,290
Charges for services	216,402	-	-	216,402
Local support	646,389	-	-	646,389
State support	71,101	-	-	71,101
Federal support	3,522,838	-	-	3,522,838
Private gifts	1,400,878	-	3,400	1,404,278
Investment earnings	3	-	-	3
Miscellaneous	70,738	-	-	70,738
Total revenue	6,432,639	-	3,400	6,436,039
Expenditures:				
Education and general:				
Institutional support	713,594	-	-	713,594
Instruction	997,570	-	-	997,570
Student services	67,165	-	-	67,165
Scholarships and grants	2,682,298	-	-	2,682,298
Community service	613,911	-	-	613,911
Capital outlay	621,099	1,484,351	-	2,105,450
Debt service:				
Principal	558,781	-	-	558,781
Interest	29,508	-	-	29,508
Total expenditures	6,283,926	1,484,351	-	7,768,277
Excess (deficiency) of revenue over expenditures	148,713	(1,484,351)	3,400	(1,332,238)
Other financing sources (uses):				
Transfers in	3,934	-	-	3,934
Transfers out	(3,934)	-	-	(3,934)
Total other financing sources and uses	-	1,360,000	-	1,360,000
Net change in fund balances	148,713	(124,351)	3,400	27,762
Fund balances, beginning of year	498,222	229,626	54,358	782,206
Fund balances, end of year	\$ 646,935	\$ 105,275	\$ 57,758	\$ 809,968



# DODGE CITY COMMUNITY COLLEGE

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Year ended June 30, 2013

	Adult supplementary education	Adult basic education	Capital outlay	Adult basic education United Way
Revenue:				
Student fees	\$ -	\$ -	\$ -	\$ -
Tuition	4,290	-	-	-
Charges for services	-	14,625	-	-
Local support	-	56,992	589,397	-
State support	-	49,162	-	-
Federal support	-	68,789	-	-
Private support and gifts	-	-	296,456	22,000
Investment earnings	-	-	-	-
Miscellaneous	600	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	4,890	189,568	885,853	22,000
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Education and general:				
Institutional support	-	74,221	-	-
Instruction	8,382	118,120	-	23,174
Student services	-	-	-	-
Scholarships and grants	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	143,795	-
Debt service:				
Principal	-	-	558,781	-
Interest and fees	-	-	29,508	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	8,382	192,341	732,084	23,174
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenue over expenditures	(3,492)	(2,773)	153,769	(1,174)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources and uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(3,492)	(2,773)	153,769	(1,174)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits), beginning of year	20,423	159,531	59,471	16,244
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances end of year	\$ 16,931	\$ 156,758	\$ 213,240	\$ 15,070
	<hr/>	<hr/>	<hr/>	<hr/>

<u>DCCC child development center</u>	<u>Memorial endowed scholarship</u>	<u>DCCC scholarship award program</u>	<u>Divisional scholarship</u>	<u>Financial aid administration</u>	<u>Special revenue activity accounts</u>
\$ -	\$ -	\$ -	\$ 500,000	\$ -	\$ -
-	-	-	-	-	-
163,737	-	-	17,995	-	20,045
-	-	-	-	-	-
-	-	-	-	-	-
14,093	-	-	-	-	-
-	-	207,651	36,740	-	-
-	-	-	-	-	-
-	-	-	-	8,114	62,024
<u>177,830</u>	<u>-</u>	<u>207,651</u>	<u>554,735</u>	<u>8,114</u>	<u>82,069</u>
-	-	-	-	7,080	77,837
-	-	-	-	-	-
-	-	-	-	-	-
-	1,810	222,984	539,619	-	-
194,863	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>194,863</u>	<u>1,810</u>	<u>222,984</u>	<u>539,619</u>	<u>7,080</u>	<u>77,837</u>
<u>(17,033)</u>	<u>(1,810)</u>	<u>(15,333)</u>	<u>15,116</u>	<u>1,034</u>	<u>4,232</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(17,033)	(1,810)	(15,333)	15,116	1,034	4,232
<u>70,917</u>	<u>1,810</u>	<u>33,350</u>	<u>8,802</u>	<u>2,401</u>	<u>70,645</u>
<u>\$ 53,884</u>	<u>\$ -</u>	<u>\$ 18,017</u>	<u>\$ 23,918</u>	<u>\$ 3,435</u>	<u>\$ 74,877</u>

# DODGE CITY COMMUNITY COLLEGE

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED)

Year ended June 30, 2013

	RSVP grants	RSVP reserve	Home food program	DCCC foundation capital campaign
Revenue:				
Student fees	\$ -	\$ -	\$ -	\$ -
Tuition	-	-	-	-
Charges for services	-	-	-	-
Local support	-	-	-	-
State support	-	-	-	-
Federal support	56,378	-	405,550	-
Private support and gifts	10,001	-	-	503,234
Investment earnings	-	-	-	3
Miscellaneous	-	-	-	-
Total revenue	<u>66,379</u>	<u>-</u>	<u>405,550</u>	<u>503,237</u>
Expenditures:				
Education and general:				
Institutional support	74,927	(458)	-	-
Instruction	-	-	-	-
Student services	-	-	-	-
Scholarships and grants	-	-	-	-
Community service	-	-	418,588	-
Capital outlay	-	-	-	477,304
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	<u>74,927</u>	<u>(458)</u>	<u>418,588</u>	<u>477,304</u>
Excess (deficiency) of revenue over expenditures	<u>(8,548)</u>	<u>458</u>	<u>(13,038)</u>	<u>25,933</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(8,548)	458	(13,038)	25,933
Fund balances (deficits), beginning of year	<u>8,704</u>	<u>2,213</u>	<u>14,916</u>	<u>13,833</u>
Fund balances end of year	<u>\$ 156</u>	<u>\$ 2,671</u>	<u>\$ 1,878</u>	<u>\$ 39,766</u>

[illegible]

# DODGE CITY COMMUNITY COLLEGE

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED)

Year ended June 30, 2013

	Federal work study grants	Federal direct loan	Title V grant	Student support services
Revenue:				
Student fees	\$ -	\$ -	\$ -	\$ -
Tuition	-	-	-	-
Charges for services	-	-	-	-
Local support	-	-	-	-
State support	-	-	-	-
Federal support	57,630	1,567,568	129,521	239,293
Private support and gifts	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>57,630</u>	<u>1,567,568</u>	<u>129,521</u>	<u>239,293</u>
Expenditures:				
Education and general:				
Institutional support	61,564	-	129,521	239,293
Instruction	-	-	-	-
Student services	-	-	-	-
Scholarships and grants	-	1,567,568	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	<u>61,564</u>	<u>1,567,568</u>	<u>129,521</u>	<u>239,293</u>
Excess (deficiency) of revenue over expenditures	<u>(3,934)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	3,934	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>3,934</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances (deficits), beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Accelerating opportunity Kansas grant	Technical retraining to achieve credentials	Path to public health grant	High school equivalency program grant	Innovative tech grant	Total nonmajor special revenue funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000
-	-	-	-	-	4,290
-	-	-	-	-	216,402
-	-	-	-	-	646,389
3,333	-	-	11,170	-	71,101
73,828	831,077	15,510	-	47	3,522,838
-	-	-	-	-	1,400,878
-	-	-	-	-	3
-	-	-	-	-	70,738
<u>77,161</u>	<u>831,077</u>	<u>15,510</u>	<u>11,170</u>	<u>47</u>	<u>6,432,639</u>
-	-	15,510	-	-	713,594
-	831,077	-	8,896	47	997,570
67,165	-	-	-	-	67,165
-	-	-	-	-	2,682,298
-	-	-	-	-	613,911
-	-	-	-	-	621,099
-	-	-	-	-	558,781
-	-	-	-	-	29,508
<u>67,165</u>	<u>831,077</u>	<u>15,510</u>	<u>8,896</u>	<u>47</u>	<u>6,283,926</u>
<u>9,996</u>	<u>-</u>	<u>-</u>	<u>2,274</u>	<u>-</u>	<u>148,713</u>
-	-	-	-	-	3,934
-	-	-	-	-	(3,934)
-	-	-	-	-	-
9,996	-	-	2,274	-	148,713
<u>659</u>	<u>-</u>	<u>-</u>	<u>3,890</u>	<u>-</u>	<u>498,222</u>
<u>\$ 10,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,164</u>	<u>\$ -</u>	<u>\$ 646,935</u>

# DODGE CITY COMMUNITY COLLEGE

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS FUNDS

Year ended June 30, 2013

	Tech building improvement	Capital outlay GO bond remodeling	Certificates of participation	Total nonmajor capital projects funds
Revenue:				
Private support and gifts	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Education and general:				
Capital outlay	53,477	168,753	1,262,121	1,484,351
Other financing sources (uses):				
Bond issue proceeds	-	-	1,360,000	1,360,000
Net change in fund balances	(53,477)	(168,753)	97,879	(124,351)
Fund balances, beginning of year	53,477	176,149	-	229,626
Fund balances end of year	\$ -	\$ 7,396	\$ 97,879	\$ 105,275

# DODGE CITY COMMUNITY COLLEGE

## COMBINING BALANCE SHEET INTERNAL SERVICE FUNDS

June 30, 2013

	<u>Central stores</u>	<u>Medical benefit plan</u>	<u>Total internal service funds</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 3,688	\$ -	\$ 3,688
Inventories	<u>39,185</u>	<u>-</u>	<u>39,185</u>
Total current assets	42,873	-	42,873
Noncurrent assets:			
Restricted cash and cash equivalents	<u>-</u>	<u>1,620,645</u>	<u>1,620,645</u>
Total assets	<u><u>\$ 42,873</u></u>	<u><u>\$ 1,620,645</u></u>	<u><u>\$ 1,663,518</u></u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 402	\$ -	\$ 402
Medical claims payable	<u>-</u>	<u>51,303</u>	<u>51,303</u>
Total current liabilities	402	51,303	51,705
<u>NET POSITION</u>			
Unrestricted	<u>42,471</u>	<u>1,569,342</u>	<u>1,611,813</u>
Total liabilities and net position	<u><u>\$ 42,873</u></u>	<u><u>\$ 1,620,645</u></u>	<u><u>\$ 1,663,518</u></u>



# DODGE CITY COMMUNITY COLLEGE

## COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS

Year ended June 30, 2013

	<u>Central stores</u>	<u>Medical benefit plan</u>	<u>Total internal service funds</u>
Operating revenue:			
Charges for services	<u>\$ 43,830</u>	<u>\$ 1,222,781</u>	<u>\$ 1,266,611</u>
Operating expenses:			
Contractual services	-	1,171,635	1,171,635
Other supplies and expenses	<u>40,309</u>	<u>-</u>	<u>40,309</u>
Total operating expenses	<u>40,309</u>	<u>1,171,635</u>	<u>1,211,944</u>
Operating income	3,521	51,146	54,667
Nonoperating revenue:			
Interest and investment revenue	-	3,981	3,981
Transfer in	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total nonoperating revenue (expense)	<u>10,000</u>	<u>3,981</u>	<u>13,981</u>
Change in net position	13,521	55,127	68,648
Total net position, beginning of year	<u>28,950</u>	<u>1,514,215</u>	<u>1,543,165</u>
Total net position, end of year	<u><u>\$ 42,471</u></u>	<u><u>\$ 1,569,342</u></u>	<u><u>\$ 1,611,813</u></u>

# DODGE CITY COMMUNITY COLLEGE

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

Year ended June 30, 2013

	<u>Central stores</u>	<u>Medical benefit plan</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 43,830	\$ 1,264,713	\$ 1,308,543
Payments for goods and services	<u>(51,327)</u>	<u>(1,120,332)</u>	<u>(1,171,659)</u>
Net cash provided (used) by operating activities	(7,497)	144,381	136,884
Cash flows from noncapital financing activities:			
Operating subsidies from other funds	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Cash flows from investing activities:			
Interest and dividends	<u>-</u>	<u>3,981</u>	<u>3,981</u>
Net increase (decrease) in cash and cash equivalents	2,503	148,362	150,865
Balances, beginning of year	<u>1,185</u>	<u>1,472,283</u>	<u>1,473,468</u>
Balances, end of year	<u><u>\$ 3,688</u></u>	<u><u>\$ 1,620,645</u></u>	<u><u>\$ 1,624,333</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 3,521	\$ 51,146	\$ 54,667
Adjustments to reconcile operating income (loss) to to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Receivables, net	-	41,932	41,932
Inventories	(11,420)	-	(11,420)
Accounts and other payables	<u>402</u>	<u>51,303</u>	<u>51,705</u>
Net cash provided (used) by operating activities	<u><u>\$ (7,497)</u></u>	<u><u>\$ 144,381</u></u>	<u><u>\$ 136,884</u></u>

**DODGE CITY COMMUNITY COLLEGE**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS**

June 30, 2013

	<u>Janney loan repayment</u>	<u>Flexible spending account</u>	<u>Activity accounts</u>	<u>Activity accounts clearing</u>	<u>Helicopter flight fees</u>	<u>Total agency funds</u>
<b><u>ASSETS</u></b>						
Cash and cash equivalents	<u>\$ 85</u>	<u>\$ 29,769</u>	<u>\$ 85,710</u>	<u>\$ 232,771</u>	<u>\$ 602,498</u>	<u>\$ 950,833</u>
<b><u>LIABILITIES</u></b>						
Due to others	<u>85</u>	<u>\$ 29,769</u>	<u>\$ 85,710</u>	<u>\$ 232,771</u>	<u>\$ 602,498</u>	<u>\$ 950,833</u>

## **APPENDICES**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
Dodge City Community College  
Dodge City, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dodge City Community College, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Dodge City Community College's basic financial statements and have issued our report thereon dated June 30, 2013. The financial statements of the Dodge City Community College Endowment Association were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Dodge City Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dodge City Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Dodge City Community College's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Dodge City Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kennedy McKee & Company LLP*

October 25, 2013

*Kennedy*  
*McKee & Company LLP* Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees  
Dodge City Community College  
Dodge City, Kansas

**Report on Compliance for Each Major Federal Program**

We have audited Dodge City Community College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Dodge City Community College's major federal programs for the year ended June 30, 2013. Dodge City Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Dodge City Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dodge City Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Dodge City Community College's compliance.

## Opinion on Each Major Federal Program

In our opinion, Dodge City Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## Report on Internal Control over Compliance

Management of Dodge City Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dodge City Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dodge City Community College's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-01, 2013-02 and 2013-03, that we consider to be significant deficiencies.

Dodge City Community College's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Dodge City Community College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Kennedy McKee & Company LLP*

October 25, 2013



# DODGE CITY COMMUNITY COLLEGE

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2013

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Expenditures
<b>U.S. Department of Agriculture</b>			
Direct Program:			
Pathways to Public Health	10.217	N/A	\$ 15,510
Passed through Kansas			
Department of Education:			
Child and Adult Care Food Program, 2011-12	10.558	SA# JO807	122,397
Child and Adult Care Food Program, 2012-13	10.558	SA# JO807	310,285
<b>U.S. Department of Labor</b>			
Passed through Washburn Technical Institute:			
Technical Retraining to Achieve Credentials	17.282	TRAC7	831,077
Passed through Kansas Board of Regents:			
Accelerating Opportunity KS - Workforce Investment Act	17.258	N/A	3,333
<b>U.S. Department of Education</b>			
Direct programs:			
Student Financial Assistance Programs:			
Federal Supplemental Educational Opportunity Grant, 2011-12	84.007	N/A	3,982
Federal Supplemental Educational Opportunity Grant, 2012-13	84.007	N/A	19,925
Federal Work Study Program, 2011-12	84.033	N/A	3,830
Federal Work Study Program, 2012-13	84.033	N/A	57,630
Federal Pell Grant Program, 2011-12	84.063	N/A	164,741
Federal Pell Grant Program, 2012-13	84.063	N/A	2,646,817
Federal Direct Student Loans	84.268	N/A	-
Title V – Maximizing Student Success 2010-11	84.031S	N/A	9,338
Title V – Maximizing Student Success 2011-12	84.031S	N/A	120,183
TRIO – Student Support Services 2010-11	84.042A	N/A	9,600
TRIO – Student Support Services 2011-12	84.042A	N/A	71,420
TRIO – Student Support Services 2012-13	84.042A	N/A	158,274
Passed through Kansas Board of Regents:			
Adult Education State Grant Program	84.002	N/A	71,817
Vocational Education – Carl Perkins	84.048	N/A	157,084
<b>U.S. Department of Health and Human Services</b>			
Passed through Kansas State University:			
Kansas Bridges to the Future, 2011-12	93.859	N/A	16,835
Kansas Bridges to the Future, 2012-13	93.859	N/A	16,382

# DODGE CITY COMMUNITY COLLEGE

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year ended June 30, 2013

<u>Federal grantor/ pass-through grantor/ program title</u>	<u>Federal CFDA number</u>	<u>Pass-through grantor's number</u>	<u>Expenditures</u>
<b>Corporation for National Service</b>			
Direct program:			
Retired and Senior Volunteer Program, 2012-13	94.002	N/A	\$ 23,137
Passed through Kansas			
Department of Education:			
Volunteer Generation Fund 2011-12	94.021	N/A	10,025
Volunteer Generation Fund 2012-13	94.021	N/A	<u>8,038</u>
Total federal awards			<u>\$ 4,851,660</u>

1. New Federal Direct Student Loans made in the current year are \$1,580,459.

Note: The schedule of expenditures of federal awards was prepared using the accrual basis of accounting.

# DODGE CITY COMMUNITY COLLEGE

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2013

### A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Dodge City Community College.
2. No significant deficiencies relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Dodge City Community College which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. Three significant deficiencies relating to the audit of internal control over major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Dodge City Community College expresses an unmodified opinion on all major programs.
6. Audit findings required to be reported in accordance with Section 510(a) of OMB A-133 are reported in this schedule.
7. The programs tested as major programs included:

Child and Adult Care Food Program	CFDA 10.558
Technical Retraining to Achieve Credentials	CFDA 17.282
Student Financial Aid Cluster:	
Federal Supplemental Educational Opportunity Grant	CFDA 84.007
Federal Work Study Program	CFDA 84.033
Federal Pell Grant Program	CFDA 84.063
Federal Direct Student Loans	CFDA 84.268
8. The threshold for distinguishing between Type A and Type B programs was \$300,000.
9. Dodge City Community College did not qualify as a low-risk auditee.

**DODGE CITY COMMUNITY COLLEGE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year ended June 30, 2013

**B. FINDINGS--FINANCIAL STATEMENTS AUDIT**

None noted

## **DODGE CITY COMMUNITY COLLEGE**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year ended June 30, 2013

#### **C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT**

##### **DEPARTMENT OF AGRICULTURE**

2013-01 Child and Adult Care Food Program - CFDA No. 10.558  
Grant period: Year Ended June 30, 2013

*Condition:* We selected the month of March 2013 to test meal reporting and reimbursement requests. We noted three instances where reimbursements paid to home providers were miscalculated and never properly corrected.

*Criteria:* A sponsoring organization must disburse meal reimbursement payments to day care homes under its sponsorship within five working days of receiving them from its State agency.

*Effect:* Three day care home providers were reimbursed the incorrect amount for the month of March 2013.

*Cause:* Child and Adult Care Food Program personnel incorrectly calculated the payments due to the day care homes after their meal count sheets were reviewed and revisions were made.

*Recommendation:* Procedures should be implemented requiring the reconciliation of the meal reimbursement payments to day care homes and the amount received from the State agency.

*Grantee Response:* The Child and Adult Care Food Program Personnel will do the following to correct errors for reconciliation of the meal reimbursement payments to day care amounts and the amount received from the State Agency (Kansas Department of Education / Child Nutrition and Wellness).

- Calculate provider payments (sent on spreadsheet to sponsoring agency).
  - Amounts entered and calculations will be rechecked by second person.
- Enter provider claim on state agency website (KN-Claim).
  - First person will read the claim as second person enters the claim (help with accuracy).
- When spreadsheet is available from KN-Claim a double check of amounts sent to Dodge City Community College spreadsheet are the same entered in KN-Claim.
  - Any employee can/will double check this.
- When errors are found and upward or downward revisions are made.
  - A second person will double check the decision and accuracy of the first person.

## DODGE CITY COMMUNITY COLLEGE

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2013

#### C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT

##### **DEPARTMENT OF EDUCATION**

2013-02 Student Financial Aid Cluster - CFDA No. 84.063, 84.268  
Grant period: Year Ended June 30, 2013

*Condition:* A random sample of students was selected for eligibility testing. We noted one instance where the Institutional Student Information Report and the student's verification worksheet had differing numbers for the household size.

*Criteria:* To document the household size, the student needs to provide a statement signed by him and, if dependent, at least one parent that gives the name, age, and relationship to the student of each person in the household. If the student completed the Department's verification worksheet, no further documentation for this item is required.

*Effect:* The student's financial aid may have been calculated incorrectly if the household size was entered improperly on the Institutional Student Information Report.

*Cause:* Financial aid personnel failed to investigate the discrepancy and correct whichever document was incorrectly filled out.

*Recommendation:* We recommend that financial aid personnel be diligent in reviewing student files to ensure that student files are complete and awards are within prescribed limits.

*Grantee Response:* The student mistakenly listed only the household members that were also in college at least ½ - time. The household size matched the number of exemptions on their tax return and matched the verified household size from the previous year. In the future, when we verify household size in a different way, it will be better documented and/or the form will be returned to the student for correction.

## DODGE CITY COMMUNITY COLLEGE

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2013

#### C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT

2013-03 Student Financial Aid Cluster - CFDA No. 84.268  
Grant period: Year Ended June 30, 2013

*Condition:* A random sample of students was selected for eligibility testing. We noted one instance where an independent second-year undergraduate student's subsidized/unsubsidized Stafford Loan split was incorrectly calculated.

*Criteria:* Independent second-year undergraduates are eligible to receive up to \$4,500 combined subsidized/and or unsubsidized Stafford Loans plus \$6,000 in additional unsubsidized Stafford Loans. Subsidized Stafford Loans are limited to the cost of attendance less expected family contribution and all other aid received. Unsubsidized Stafford Loans are limited to the cost of attendance less all other aid received, but can be used to replace the expected family contribution.

*Effect:* Based on the above criteria, the student was eligible to borrow \$4,500 in subsidized Stafford Loan funds and \$5,090 in unsubsidized Stafford Loan funds. However, the college awarded the student \$3,500 in subsidized Stafford Loan funds and \$6,090 in unsubsidized Stafford Loan funds. As a result, the student will be responsible for the interest on an additional \$1,000 of unsubsidized Stafford loan while the loan is in deferment.

*Cause:* Financial aid personnel simply made a calculation error when computing Stafford Loan eligibility.

*Recommendation:* We recommend that financial aid personnel be diligent in reviewing student files to ensure that student files are complete and awards are within prescribed limits.

*Grantee Response:* The student listed herself as a first year student, so we disbursed \$3,500 in Subsidized Loan. Upon finding that the student was actually a sophomore and therefore eligible for the greater amount we added the amount to the unsubsidized loan in error. We have reallocated the student's loans to correct the distribution between subsidized and unsubsidized amounts. We will be more diligent in making sure the loan distributions are correct in the future. We feel this was a simple unduplicated error that will not be repeated.

## **DODGE CITY COMMUNITY COLLEGE**

### **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Year ended June 30, 2013

#### **DEPARTMENT OF AGRICULTURE**

2012-01 Child and Adult Care Food Program  
Grant period: Year Ended June 30, 2012

*Condition:* We selected the month of April 2012 to test meal reporting and reimbursement requests. We noted that the Child Development Center reimbursement request was not submitted in a timely manner.

*Recommendation:* We recommend that Child Development Center personnel compile information necessary to submit reimbursement requests and file the reimbursement requests in a timely manner.

*Current Status:* The Child Development Center concurred with the recommendation. No similar finding was noted in the June 30, 2013 audit.

#### **DEPARTMENT OF LABOR**

2012-02 Technical Retraining to Achieve Credentials Program  
Grant period: Year Ended June 30, 2012

*Condition:* The College did not receive weekly certified payrolls from contractors to monitor prevailing wage rates required by the Davis-Bacon Act.

*Recommendation:* We recommend weekly copies of payrolls and a statement of compliance be obtained in the future when the Davis-Bacon Act applies.

*Current Status:* The College concurred with the recommendation. No similar finding was noted in the June 30, 2013 audit.

#### **DEPARTMENT OF EDUCATION**

2012-03 Student Financial Aid Cluster  
Grant period: Year Ended June 30, 2012

*Condition:* A random sample of students was selected for eligibility testing. We noted three instances where the Institutional Student Information Reports were not properly updated in the computer system after verification. All three instances of verification resulted in an increase to the student's expected family contribution.

*Recommendation:* We recommend that financial aid personnel be diligent in reviewing student files to ensure that student files are complete and awards are within prescribed limits.

*Current Status:* The Financial Aid Office concurred with the recommendation. No similar finding was noted in the June 30, 2013 audit.